

98TH GENERAL ASSEMBLY  
CONFERENCE COMMITTEE REPORT  
ON SENATE BILL 1

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To the President of the Senate and the Speaker of the House of Representatives:

We, the conference committee appointed to consider the differences between the houses in relation to House Amendments Nos. 1 and 3 to Senate Bill 1, recommend the following:

(1) that the House recede from House Amendments Nos. 1 and 3; and

(2) that Senate Bill 1 be amended by replacing everything after the enacting clause with the following:

"Section 1. Legislative statement.

At the time of passage of this amendatory Act of the 98th General Assembly, Illinois has both atypically large debts and structural budgetary imbalances that will, unless addressed by the General Assembly, lead to even greater and rapidly growing debts and deficits. Already, Illinois has the lowest credit rating of any state, and it faces the prospect of future credit downgrades that will further increase the high cost of borrowing.

The State has taken significant action to address these fiscal troubles, including, but not limited to, increasing the

1 income tax and reducing pension benefits for future employees.  
2 Further, the State has enacted a series of budgets over the  
3 last several fiscal years that resulted in deep cuts to  
4 important discretionary programs that are essential to the  
5 people of Illinois.

6 At the time of passage of this amendatory Act of the 98th  
7 General Assembly, the State's retirement systems have unfunded  
8 actuarially accrued liabilities of approximately \$100 billion.  
9 Meanwhile, the State's annual pension contribution has  
10 substantially increased in recent years, and will continue to  
11 increase in coming years. The General Assembly recognizes that  
12 without significant pension reform, the unfunded liability and  
13 the State's pension contribution will continue to grow, and  
14 further burden the fiscal stability of both the State and its  
15 retirement systems.

16 This amendatory Act of the 98th General Assembly is  
17 intended to address the fiscal issues facing the State and its  
18 retirement systems in a manner that is feasible, consistent  
19 with the Illinois Constitution, and advantageous to both the  
20 taxpayers and employees impacted by these changes. Having  
21 considered other alternatives that would not involve changes to  
22 the retirement systems, the General Assembly has determined  
23 that the fiscal problems facing the State and its retirement  
24 systems cannot be solved without making some changes to the  
25 structure of the retirement systems. As a result, this  
26 amendatory Act requires more fiscal responsibility of the

1 State, while minimizing the impact on current and retired State  
2 employees.

3 Going forward, the automatic annual increase in retirement  
4 annuity will be based on a participant's years of service to  
5 the State and inflation, which more accurately reflects changes  
6 in the cost of living. For participants who have yet to receive  
7 an annuity, a pensionable salary cap will be imposed; however,  
8 it will only impact future salary increases that exceed a cap.  
9 Those workers 45 years of age and younger will be required to  
10 work an additional 4 months for each year under 46, which  
11 results in a minimal increase in retirement age given that the  
12 life expectancy for a 45 year old is 87 years of age. Current  
13 employees will receive a 1% reduction in required employee  
14 contributions. With these changes, the State can adopt an  
15 actuarially sound funding formula that will result in the  
16 pension systems achieving 100% funding no later than 2044. The  
17 State will also make additional contributions that will  
18 considerably aid in reducing the unfunded actuarially accrued  
19 liability.

20 The General Assembly finds that this amendatory Act of the  
21 98th General Assembly will lead to fiscal stability for the  
22 State and its pension systems.

23 Section 3. The Illinois Public Labor Relations Act is  
24 amended by changing Sections 4 and 15 and adding Section 7.5 as  
25 follows:

1 (5 ILCS 315/4) (from Ch. 48, par. 1604)

2 Sec. 4. Management Rights. Employers shall not be  
3 required to bargain over matters of inherent managerial policy,  
4 which shall include such areas of discretion or policy as the  
5 functions of the employer, standards of services, its overall  
6 budget, the organizational structure and selection of new  
7 employees, examination techniques and direction of employees.  
8 Employers, however, shall be required to bargain collectively  
9 with regard to policy matters directly affecting wages, hours  
10 and terms and conditions of employment as well as the impact  
11 thereon upon request by employee representatives, except as  
12 provided in Section 7.5.

13 To preserve the rights of employers and exclusive  
14 representatives which have established collective bargaining  
15 relationships or negotiated collective bargaining agreements  
16 prior to the effective date of this Act, employers shall be  
17 required to bargain collectively with regard to any matter  
18 concerning wages, hours or conditions of employment about which  
19 they have bargained for and agreed to in a collective  
20 bargaining agreement prior to the effective date of this Act, and  
21 except as provided in Section 7.5.

22 The chief judge of the judicial circuit that employs a  
23 public employee who is a court reporter, as defined in the  
24 Court Reporters Act, has the authority to hire, appoint,  
25 promote, evaluate, discipline, and discharge court reporters  
26 within that judicial circuit.

1           Nothing in this amendatory Act of the 94th General Assembly  
2 shall be construed to intrude upon the judicial functions of  
3 any court. This amendatory Act of the 94th General Assembly  
4 applies only to nonjudicial administrative matters relating to  
5 the collective bargaining rights of court reporters.

6           (Source: P.A. 94-98, eff. 7-1-05.)

7           (5 ILCS 315/7.5 new)

8           Sec. 7.5. Duty to bargain regarding pension amendments.

9           (a) Notwithstanding any provision of this Act, employers  
10 shall not be required to bargain over matters affected by the  
11 changes, the impact of changes, and the implementation of  
12 changes made to Article 14, 15, or 16 of the Illinois Pension  
13 Code, or Article 1 of that Code as it applies to those  
14 Articles, made by this amendatory Act of the 98th General  
15 Assembly, or over any other provision of Article 14, 15, or 16  
16 of the Illinois Pension Code, or of Article 1 of that Code as  
17 it applies to those Articles, which are prohibited subjects of  
18 bargaining; nor shall the changes, the impact of changes, or  
19 the implementation of changes made to Article 14, 15, or 16 of  
20 the Illinois Pension Code, or to Article 1 of that Code as it  
21 applies to those Articles, by this amendatory Act of the 98th  
22 General Assembly or any other provision of Article 14, 15, or  
23 16 of the Illinois Pension Code, or of Article 1 of that Code  
24 as it applies to those Articles, be subject to interest  
25 arbitration or any award issued pursuant to interest

1 arbitration. The provisions of this Section shall not apply to  
2 an employment contract or collective bargaining agreement that  
3 is in effect on the effective date of this amendatory Act of  
4 the 98th General Assembly. However, any such contract or  
5 agreement that is subsequently modified, amended, or renewed  
6 shall be subject to the provisions of this Section. The  
7 provisions of this Section shall also not apply to the ability  
8 of an employer and employee representative to bargain  
9 collectively with regard to the pick up of employee  
10 contributions pursuant to Section 14-133.1, 15-157.1, or  
11 16-152.1 of the Illinois Pension Code.

12 (b) Nothing in this Section, however, shall be construed as  
13 otherwise limiting any of the obligations and requirements  
14 applicable to each employer under any of the provisions of this  
15 Act, including, but not limited to, the requirement to bargain  
16 collectively with regard to policy matters directly affecting  
17 wages, hours and terms and conditions of employment as well as  
18 the impact thereon upon request by employee representatives,  
19 except for the matters deemed prohibited subjects of bargaining  
20 under subsection (a) of this Section. Nothing in this Section  
21 shall further be construed as otherwise limiting any of the  
22 rights of employees or employee representatives under the  
23 provisions of this Act, except for matters deemed prohibited  
24 subjects of bargaining under subsection (a) of this Section.

25 (c) In case of any conflict between this Section and any  
26 other provisions of this Act or any other law, the provisions

1 of this Section shall control.

2 (5 ILCS 315/15) (from Ch. 48, par. 1615)

3 Sec. 15. Act Takes Precedence.

4 (a) In case of any conflict between the provisions of this  
5 Act and any other law (other than Section 5 of the State  
6 Employees Group Insurance Act of 1971 and other than the  
7 changes made to the Illinois Pension Code by Public Act 96-889  
8 and other than as provided in Section 7.5 ~~this amendatory Act~~  
9 of the ~~96th General Assembly~~), executive order or  
10 administrative regulation relating to wages, hours and  
11 conditions of employment and employment relations, the  
12 provisions of this Act or any collective bargaining agreement  
13 negotiated thereunder shall prevail and control. Nothing in  
14 this Act shall be construed to replace or diminish the rights  
15 of employees established by Sections 28 and 28a of the  
16 Metropolitan Transit Authority Act, Sections 2.15 through 2.19  
17 of the Regional Transportation Authority Act. The provisions of  
18 this Act are subject to Section 7.5 of this Act and Section 5  
19 of the State Employees Group Insurance Act of 1971. Nothing in  
20 this Act shall be construed to replace the necessity of  
21 complaints against a sworn peace officer, as defined in Section  
22 2(a) of the Uniform Peace Officer Disciplinary Act, from having  
23 a complaint supported by a sworn affidavit.

24 (b) Except as provided in subsection (a) above, any  
25 collective bargaining contract between a public employer and a

1 labor organization executed pursuant to this Act shall  
2 supersede any contrary statutes, charters, ordinances, rules  
3 or regulations relating to wages, hours and conditions of  
4 employment and employment relations adopted by the public  
5 employer or its agents. Any collective bargaining agreement  
6 entered into prior to the effective date of this Act shall  
7 remain in full force during its duration.

8 (c) It is the public policy of this State, pursuant to  
9 paragraphs (h) and (i) of Section 6 of Article VII of the  
10 Illinois Constitution, that the provisions of this Act are the  
11 exclusive exercise by the State of powers and functions which  
12 might otherwise be exercised by home rule units. Such powers  
13 and functions may not be exercised concurrently, either  
14 directly or indirectly, by any unit of local government,  
15 including any home rule unit, except as otherwise authorized by  
16 this Act.

17 (Source: P.A. 95-331, eff. 8-21-07; 96-889, eff. 1-1-11.)

18 Section 5. The Governor's Office of Management and Budget  
19 Act is amended by changing Sections 7 and 8 as follows:

20 (20 ILCS 3005/7) (from Ch. 127, par. 417)

21 Sec. 7. All statements and estimates of expenditures  
22 submitted to the Office in connection with the preparation of a  
23 State budget, and any other estimates of expenditures,  
24 supporting requests for appropriations, shall be formulated



1 according to the various functions and activities for which the  
2 respective department, office or institution of the State  
3 government (including the elective officers in the executive  
4 department and including the University of Illinois and the  
5 judicial department) is responsible. All such statements and  
6 estimates of expenditures relating to a particular function or  
7 activity shall be further formulated or subject to analysis in  
8 accordance with the following classification of objects:

9 (1) Personal services

10 (2) State contribution for employee group insurance

11 (3) Contractual services

12 (4) Travel

13 (5) Commodities

14 (6) Equipment

15 (7) Permanent improvements

16 (8) Land

17 (9) Electronic Data Processing

18 (10) Telecommunication services

19 (11) Operation of Automotive Equipment

20 (12) Contingencies

21 (13) Reserve

22 (14) Interest

23 (15) Awards and Grants

24 (16) Debt Retirement

25 (17) Non-cost Charges-

26 (18) State retirement contribution for annual normal cost

1           (19) State retirement contribution for unfunded accrued  
2           liability.

3           (Source: P.A. 93-25, eff. 6-20-03.)

4           (20 ILCS 3005/8) (from Ch. 127, par. 418)

5           Sec. 8. When used in connection with a State budget or  
6           expenditure or estimate, items (1) through (16) in the  
7           classification of objects stated in Section 7 shall have the  
8           meanings ascribed to those items in Sections 14 through 24.7,  
9           respectively, of the State Finance Act. ~~"An Act in relation to~~  
10          ~~State finance", approved June 10, 1919, as amended.~~

11          When used in connection with a State budget or expenditure  
12          or estimate, items (18) and (19) in the classification of  
13          objects stated in Section 7 shall have the meanings ascribed to  
14          those items in Sections 24.12 and 24.13, respectively, of the  
15          State Finance Act.

16          (Source: P.A. 82-325.)

17          Section 7. The State Finance Act is amended by changing  
18          Section 13 and by adding Sections 24.12 and 24.13 as follows:

19          (30 ILCS 105/13) (from Ch. 127, par. 149)

20          Sec. 13. The objects and purposes for which  
21          appropriations are made are classified and standardized by  
22          items as follows:

23               (1) Personal services;

- 1 (2) State contribution for employee group insurance;
- 2 (3) Contractual services;
- 3 (4) Travel;
- 4 (5) Commodities;
- 5 (6) Equipment;
- 6 (7) Permanent improvements;
- 7 (8) Land;
- 8 (9) Electronic Data Processing;
- 9 (10) Operation of automotive equipment;
- 10 (11) Telecommunications services;
- 11 (12) Contingencies;
- 12 (13) Reserve;
- 13 (14) Interest;
- 14 (15) Awards and Grants;
- 15 (16) Debt Retirement;
- 16 (17) Non-Cost Charges;
- 17 (18) State retirement contribution for annual normal cost;
- 18 (19) State retirement contribution for unfunded accrued
- 19 liability;
- 20 (20) ~~(18)~~ Purchase Contract for Real Estate.

21 When an appropriation is made to an officer, department,  
22 institution, board, commission or other agency, or to a private  
23 association or corporation, in one or more of the items above  
24 specified, such appropriation shall be construed in accordance  
25 with the definitions and limitations specified in this Act,  
26 unless the appropriation act otherwise provides.

1           An appropriation for a purpose other than one specified and  
2 defined in this Act may be made only as an additional, separate  
3 and distinct item, specifically stating the object and purpose  
4 thereof.

5           (Source: P.A. 84-263; 84-264.)

6           (30 ILCS 105/24.12 new)

7           Sec. 24.12. "State retirement contribution for annual  
8 normal cost" defined. The term "State retirement contribution  
9 for annual normal cost" means the portion of the total required  
10 State contribution to a retirement system for a fiscal year  
11 that represents the State's portion of the System's projected  
12 normal cost for that fiscal year, as determined and certified  
13 by the board of trustees of the retirement system in  
14 conformance with the applicable provisions of the Illinois  
15 Pension Code.

16           (30 ILCS 105/24.13 new)

17           Sec. 24.13. "State retirement contribution for unfunded  
18 accrued liability" defined. The term "State retirement  
19 contribution for unfunded accrued liability" means the portion  
20 of the total required State contribution to a retirement system  
21 for a fiscal year that is not included in the State retirement  
22 contribution for annual normal cost.

23           Section 10. The Budget Stabilization Act is amended by

1 changing Sections 20 and 25 as follows:

2 (30 ILCS 122/20)

3 Sec. 20. Pension Stabilization Fund.

4 (a) The Pension Stabilization Fund is hereby created as a  
5 special fund in the State treasury. Moneys in the fund shall be  
6 used for the sole purpose of making payments to the designated  
7 retirement systems as provided in Section 25.

8 (b) For each fiscal year through State fiscal year 2014,  
9 when the General Assembly's appropriations and transfers or  
10 diversions as required by law from general funds do not exceed  
11 99% of the estimated general funds revenues pursuant to  
12 subsection (a) of Section 10, the Comptroller shall transfer  
13 from the General Revenue Fund as provided by this Section a  
14 total amount equal to 0.5% of the estimated general funds  
15 revenues to the Pension Stabilization Fund.

16 (c) For each fiscal year through State fiscal year 2014,  
17 when the General Assembly's appropriations and transfers or  
18 diversions as required by law from general funds do not exceed  
19 98% of the estimated general funds revenues pursuant to  
20 subsection (b) of Section 10, the Comptroller shall transfer  
21 from the General Revenue Fund as provided by this Section a  
22 total amount equal to 1.0% of the estimated general funds  
23 revenues to the Pension Stabilization Fund.

24 (c-5) In addition to any other amounts required to be  
25 transferred under this Section, in State fiscal year 2016 and

1 each fiscal year thereafter through State fiscal year 2045, or  
2 when each of the designated retirement systems, as defined in  
3 Section 25, has achieved 100% funding, whichever occurs first,  
4 the State Comptroller shall order transferred and the State  
5 Treasurer shall transfer from the General Revenue Fund to the  
6 Pension Stabilization Fund an amount equal to 10% of (1) the  
7 sum of the amounts certified by the designated retirement  
8 systems under subsection (a-5) of Section 2-134, subsection  
9 (a-10) of Section 14-135.08, subsection (a-10) of Section  
10 15-165, and subsection (a-10) of Section 16-158 of this Code  
11 for that fiscal year minus (2) the sum of (i) the transfers  
12 required under subsection (c-10) of this Section for that  
13 fiscal year plus (ii) the required State contributions  
14 certified by the retirement systems under subsection (a) of  
15 Section 2-134, subsection (a-5) of Section 14-135.08,  
16 subsection (a-5) of Section 15-165, and subsection (a-5) of  
17 Section 16-158 of this Code for that fiscal year. The  
18 transferred amount is intended to represent one-tenth of the  
19 annual savings to the State resulting from the enactment of  
20 this amendatory Act of the 98th General Assembly.

21 (c-10) In State fiscal year 2019, the State Comptroller  
22 shall order transferred and the State Treasurer shall transfer  
23 \$364,000,000 from the General Revenue Fund to the Pension  
24 Stabilization Fund. In State fiscal year 2020 and each fiscal  
25 year thereafter until terminated under subsection (c-15), the  
26 State Comptroller shall order transferred and the State

1 Treasurer shall transfer \$1,000,000,000 from the General  
2 Revenue Fund to the Pension Stabilization Fund.

3 (c-15) The transfers made beginning in State fiscal year  
4 2020 pursuant to subsection (c-10) of this Section shall  
5 terminate at the end of State fiscal year 2045 or when each of  
6 the designated retirement systems, as defined in Section 25,  
7 has achieved 100% funding, whichever occurs first.

8 (d) The Comptroller shall transfer 1/12 of the total amount  
9 to be transferred each fiscal year under this Section into the  
10 Pension Stabilization Fund on the first day of each month of  
11 that fiscal year or as soon thereafter as possible; except that  
12 the final transfer of the fiscal year shall be made as soon as  
13 practical after the August 31 following the end of the fiscal  
14 year.

15 Until State fiscal year 2015, before ~~Before~~ the final  
16 transfer for a fiscal year is made, the Comptroller shall  
17 reconcile the estimated general funds revenues used in  
18 calculating the other transfers under this Section for that  
19 fiscal year with the actual general funds revenues for that  
20 fiscal year. The final transfer for the fiscal year shall be  
21 adjusted so that the total amount transferred under this  
22 Section for that fiscal year is equal to the percentage  
23 specified in subsection (b) or (c) of this Section, whichever  
24 is applicable, of the actual general funds revenues for that  
25 fiscal year. The actual general funds revenues for the fiscal  
26 year shall be calculated in a manner consistent with subsection

1 (c) of Section 10 of this Act.

2 (Source: P.A. 94-839, eff. 6-6-06.)

3 (30 ILCS 122/25)

4 Sec. 25. Transfers from the Pension Stabilization Fund.

5 (a) As used in this Section, "designated retirement  
6 systems" means:

7 (1) the State Employees' Retirement System of  
8 Illinois;

9 (2) the Teachers' Retirement System of the State of  
10 Illinois;

11 (3) the State Universities Retirement System;

12 (4) the Judges Retirement System of Illinois; and

13 (5) the General Assembly Retirement System.

14 (b) As soon as may be practical after any money is  
15 deposited into the Pension Stabilization Fund, the State  
16 Comptroller shall apportion the deposited amount among the  
17 designated retirement systems and the State Comptroller and  
18 State Treasurer shall pay the apportioned amounts to the  
19 designated retirement systems. The amount deposited shall be  
20 apportioned among the designated retirement systems in the same  
21 proportion as their respective portions of the total actuarial  
22 reserve deficiency of the designated retirement systems, as  
23 most recently determined by the Governor's Office of Management  
24 and Budget. Amounts received by a designated retirement system  
25 under this Section shall be used for funding the unfunded



1 liabilities of the retirement system. Payments under this  
2 Section are authorized by the continuing appropriation under  
3 Section 1.7 of the State Pension Funds Continuing Appropriation  
4 Act.

5 (c) At the request of the State Comptroller, the Governor's  
6 Office of Management and Budget shall determine the individual  
7 and total actuarial reserve deficiencies of the designated  
8 retirement systems. For this purpose, the Governor's Office of  
9 Management and Budget shall consider the latest available audit  
10 and actuarial reports of each of the retirement systems and the  
11 relevant reports and statistics of the Public Pension Division  
12 of the Department of Insurance ~~Financial and Professional~~  
13 ~~Regulation~~.

14 (d) Payments to the designated retirement systems under  
15 this Section shall be in addition to, and not in lieu of, any  
16 State contributions required under Section 2-124, 14-131,  
17 15-155, 16-158, or 18-131 of the Illinois Pension Code.

18 Payments to the designated retirement systems under this  
19 Section received after the effective date of this amendatory  
20 Act of the 98th General Assembly, and any investment earnings  
21 attributable to such payments, do not reduce and do not  
22 constitute payment of any portion of the required State  
23 contribution under Article 2, 14, 15, 16, or 18 of the Illinois  
24 Pension Code in the current fiscal year. Such amounts shall not  
25 reduce, and shall not be included in the calculation of, the  
26 required State contribution under Article 2, 14, 15, 16, or 18

1 of the Illinois Pension Code in any future fiscal year, until  
2 the designated retirement system has reached the targeted  
3 funding ratio as prescribed by law for that retirement system.  
4 Such payments may be invested in the same manner as other  
5 assets of the designated retirement system and shall be used in  
6 the calculation of the system's funding ratio for the purposes  
7 of this Section and Section 20 of this Act. Payments under this  
8 Section may be used for any associated administrative costs.

9 (Source: P.A. 94-839, eff. 6-6-06.)

10 Section 15. The Illinois Pension Code is amended by  
11 changing Sections 1-103.3, 2-108, 2-108.1, 2-119, 2-119.1,  
12 2-124, 2-125, 2-126, 2-134, 2-162, 7-109, 7-114, 7-116, 7-139,  
13 9-219, 9-220, 14-103.10, 14-104.3, 14-106, 14-107, 14-108,  
14 14-110, 14-114, 14-115, 14-131, 14-132, 14-133, 14-135.08,  
15 14-152.1, 15-106, 15-107, 15-111, 15-112, 15-113.4, 15-125,  
16 15-135, 15-136, 15-155, 15-156, 15-157, 15-165, 15-198,  
17 16-106, 16-112, 16-121, 16-127, 16-132, 16-133, 16-133.1,  
18 16-133.2, 16-136.1, 16-152, 16-158, 16-203, 17-116, 17-134,  
19 20-106, 20-121, 20-123, 20-124, and 20-125 and by adding  
20 Sections 2-105.1, 2-105.2, 2-126.5, 2-165, 2-166, 14-103.40,  
21 14-133.5, 14-155, 14-156, 15-157.5, 15-200, 15-201, 16-106.4,  
22 16-152.5, 16-158.2, 16-205, and 16-206 as follows:

23 (40 ILCS 5/1-103.3)

24 Sec. 1-103.3. Application of 1994 amendment; funding

1 standard.

2 (a) The provisions of Public Act 88-593 ~~this amendatory Act~~  
3 ~~of 1994~~ that change the method of calculating, certifying, and  
4 paying the required State contributions to the retirement  
5 systems established under Articles 2, 14, 15, 16, and 18 shall  
6 first apply to the State contributions required for State  
7 fiscal year 1996.

8 (b) (Blank) ~~The General Assembly declares that a funding~~  
9 ~~ratio (the ratio of a retirement system's total assets to its~~  
10 ~~total actuarial liabilities) of 90% is an appropriate goal for~~  
11 ~~State-funded retirement systems in Illinois, and it finds that~~  
12 ~~a funding ratio of 90% is now the generally recognized norm~~  
13 ~~throughout the nation for public employee retirement systems~~  
14 ~~that are considered to be financially secure and funded in an~~  
15 ~~appropriate and responsible manner.~~

16 (c) Every 5 years, beginning in 1999, the Commission on  
17 Government Forecasting and Accountability, in consultation  
18 with the affected retirement systems and the Governor's Office  
19 of Management and Budget (formerly Bureau of the Budget), shall  
20 consider and determine whether the funding goals ~~90% funding~~  
21 ~~ratio~~ adopted in Articles 2, 14, 15, 16, and 18 of this Code  
22 continue ~~subsection (b) continues~~ to represent ~~an~~ appropriate  
23 funding goals ~~goal~~ for those ~~State-funded~~ retirement systems ~~in~~  
24 ~~Illinois~~, and it shall report its findings and recommendations  
25 on this subject to the Governor and the General Assembly.

26 (Source: P.A. 93-1067, eff. 1-15-05.)

1 (40 ILCS 5/2-105.1 new)

2 Sec. 2-105.1. Tier 1 participant; Tier 2 participant.

3 "Tier 1 participant": A participant who first became a  
4 participant before January 1, 2011.

5 "Tier 2 participant": A participant who first became a  
6 participant on or after January 1, 2011.

7 (40 ILCS 5/2-105.2 new)

8 Sec. 2-105.2. Tier 1 retiree. "Tier 1 retiree" means a  
9 former Tier 1 participant who has made the election to retire  
10 and has terminated service.

11 (40 ILCS 5/2-108) (from Ch. 108 1/2, par. 2-108)

12 Sec. 2-108. Salary. "Salary": (1) For members of the  
13 General Assembly, the total compensation paid to the member by  
14 the State for one year of service, including the additional  
15 amounts, if any, paid to the member as an officer pursuant to  
16 Section 1 of "An Act in relation to the compensation and  
17 emoluments of the members of the General Assembly", approved  
18 December 6, 1907, as now or hereafter amended.

19 (2) For the State executive officers specified in Section  
20 2-105, the total compensation paid to the member for one year  
21 of service.

22 (3) For members of the System who are participants under  
23 Section 2-117.1, or who are serving as Clerk or Assistant Clerk  
24 of the House of Representatives or Secretary or Assistant

1 Secretary of the Senate, the total compensation paid to the  
2 member for one year of service, but not to exceed the salary of  
3 the highest salaried officer of the General Assembly.

4 However, in the event that federal law results in any  
5 participant receiving imputed income based on the value of  
6 group term life insurance provided by the State, such imputed  
7 income shall not be included in salary for the purposes of this  
8 Article.

9 Notwithstanding any other provision of this Code, the  
10 annual salary of a Tier 1 participant for the purposes of this  
11 Code shall not exceed, for periods of service in a term of  
12 office beginning on or after the effective date of this  
13 amendatory Act of the 98th General Assembly, the greater of (i)  
14 the annual limitation determined from time to time under  
15 subsection (b-5) of Section 1-160 of this Code or (ii) the  
16 annualized salary of the participant on the last day of that  
17 participant's last term of office beginning before that  
18 effective date.

19 (Source: P.A. 86-27; 86-273; 86-1028; 86-1488.)

20 (40 ILCS 5/2-108.1) (from Ch. 108 1/2, par. 2-108.1)

21 Sec. 2-108.1. Highest salary for annuity purposes.

22 (a) "Highest salary for annuity purposes" means whichever  
23 of the following is applicable to the participant:

24 For a participant who first becomes a participant of this  
25 System before August 10, 2009 (the effective date of Public Act

1 96-207):

2 (1) For a participant who is a member of the General  
3 Assembly on his or her last day of service: the highest  
4 salary that is prescribed by law, on the participant's last  
5 day of service, for a member of the General Assembly who is  
6 not an officer; plus, if the participant was elected or  
7 appointed to serve as an officer of the General Assembly  
8 for 2 or more years and has made contributions as required  
9 under subsection (d) of Section 2-126, the highest  
10 additional amount of compensation prescribed by law, at the  
11 time of the participant's service as an officer, for  
12 members of the General Assembly who serve in that office.

13 (2) For a participant who holds one of the State  
14 executive offices specified in Section 2-105 on his or her  
15 last day of service: the highest salary prescribed by law  
16 for service in that office on the participant's last day of  
17 service.

18 (3) For a participant who is Clerk or Assistant Clerk  
19 of the House of Representatives or Secretary or Assistant  
20 Secretary of the Senate on his or her last day of service:  
21 the salary received for service in that capacity on the  
22 last day of service, but not to exceed the highest salary  
23 (including additional compensation for service as an  
24 officer) that is prescribed by law on the participant's  
25 last day of service for the highest paid officer of the  
26 General Assembly.

1           (4) For a participant who is a continuing participant  
2 under Section 2-117.1 on his or her last day of service:  
3 the salary received for service in that capacity on the  
4 last day of service, but not to exceed the highest salary  
5 (including additional compensation for service as an  
6 officer) that is prescribed by law on the participant's  
7 last day of service for the highest paid officer of the  
8 General Assembly.

9           For a participant who first becomes a participant of this  
10 System on or after August 10, 2009 (the effective date of  
11 Public Act 96-207) and before January 1, 2011 (the effective  
12 date of Public Act 96-889), the average monthly salary obtained  
13 by dividing the total salary of the participant during the  
14 period of: (1) the 48 consecutive months of service within the  
15 last 120 months of service in which the total compensation was  
16 the highest, or (2) the total period of service, if less than  
17 48 months, by the number of months of service in that period.

18           Except as otherwise provided below, for a Tier 2 ~~For a~~  
19 participant who first becomes a participant of this System on  
20 or after January 1, 2011 (the effective date of Public Act  
21 96-889), the average monthly salary obtained by dividing the  
22 total salary of the participant during the 96 consecutive  
23 months of service within the last 120 months of service in  
24 which the total compensation was the highest by the number of  
25 months of service in that period; however, for periods of  
26 service in a term of office beginning on or after January 1,

1     2011 and before the effective date of this amendatory Act of  
2     the 98th General Assembly, the highest salary for annuity  
3     purposes may not exceed \$106,800, except that that amount shall  
4     annually thereafter be increased by the lesser of (i) 3% of  
5     that amount, including all previous adjustments, or (ii) the  
6     annual unadjusted percentage increase (but not less than zero)  
7     in the consumer price index-u for the 12 months ending with the  
8     September preceding each November 1. "Consumer price index-u"  
9     means the index published by the Bureau of Labor Statistics of  
10    the United States Department of Labor that measures the average  
11    change in prices of goods and services purchased by all urban  
12    consumers, United States city average, all items, 1982-84 =  
13    100. The new amount resulting from each annual adjustment shall  
14    be determined by the Public Pension Division of the Department  
15    of Insurance and made available to the Board by November 1 of  
16    each year until there is no longer any such participant who is  
17    in service in a term of office that began before the effective  
18    date of this amendatory Act of the 98th General Assembly.

19       Notwithstanding any other provision of this Section, in  
20    determining the highest salary for annuity purposes of a Tier 2  
21    participant who is in service in a term of office beginning on  
22    or after the effective date of this amendatory Act of the 98th  
23    General Assembly, the Tier 2 participant's salary for periods  
24    of service in a term of office beginning on or after that  
25    effective date shall not exceed the limitation on salary  
26    determined from time to time under subsection (b-5) of Section



1 1-160 of this Code.

2 (b) The earnings limitations of subsection (a) apply to  
3 earnings under any other participating system under the  
4 Retirement Systems Reciprocal Act that are considered in  
5 calculating a proportional annuity under this Article, except  
6 in the case of a person who first became a member of this  
7 System before August 22, 1994 and has not, on or after the  
8 effective date of this amendatory Act of the 97th General  
9 Assembly, irrevocably elected to have those limitations apply.  
10 The limitations of subsection (a) shall apply, however, to  
11 earnings under any other participating system under the  
12 Retirement Systems Reciprocal Act that are considered in  
13 calculating the proportional annuity of a person who first  
14 became a member of this System before August 22, 1994 if, on or  
15 after the effective date of this amendatory Act of the 97th  
16 General Assembly, that member irrevocably elects to have those  
17 limitations apply.

18 (c) In calculating the subsection (a) earnings limitation  
19 to be applied to earnings under any other participating system  
20 under the Retirement Systems Reciprocal Act for the purpose of  
21 calculating a proportional annuity under this Article, the  
22 participant's last day of service shall be deemed to mean the  
23 last day of service in any participating system from which the  
24 person has applied for a proportional annuity under the  
25 Retirement Systems Reciprocal Act.

26 (Source: P.A. 96-207, eff. 8-10-09; 96-889, eff. 1-1-11;

1 96-1490, eff. 1-1-11; 97-967, eff. 8-16-12.)

2 (40 ILCS 5/2-119) (from Ch. 108 1/2, par. 2-119)

3 Sec. 2-119. Retirement annuity - conditions for  
4 eligibility.

5 (a) A participant whose service as a member is terminated,  
6 regardless of age or cause, is entitled to a retirement annuity  
7 beginning on the date specified by the participant in a written  
8 application subject to the following conditions:

9 1. The date the annuity begins does not precede the  
10 date of final termination of service, or is not more than  
11 30 days before the receipt of the application by the board  
12 in the case of annuities based on disability or one year  
13 before the receipt of the application in the case of  
14 annuities based on attained age;

15 2. The participant meets one of the following  
16 eligibility requirements:

17 For a participant who first becomes a participant of  
18 this System before January 1, 2011 (the effective date of  
19 Public Act 96-889):

20 (A) He or she has attained age 55 and has at least  
21 8 years of service credit;

22 (B) He or she has attained age 62 and terminated  
23 service after July 1, 1971 with at least 4 years of  
24 service credit; or

25 (C) He or she has completed 8 years of service and

1           has become permanently disabled and as a consequence,  
2           is unable to perform the duties of his or her office.

3           For a participant who first becomes a participant of  
4           this System on or after January 1, 2011 (the effective date  
5           of Public Act 96-889), he or she has attained age 67 and  
6           has at least 8 years of service credit.

7           (a-1) Notwithstanding subsection (a) of this Section, for a  
8           Tier 1 participant who begins receiving a retirement annuity  
9           under this Section on or after July 1, 2014, the required  
10           retirement age under subsection (a) is increased as follows,  
11           based on the Tier 1 participant's age on June 1, 2014:

12           (1) If he or she is at least age 46 on June 1, 2014,  
13           then the required retirement ages under subsection (a)  
14           remain unchanged.

15           (2) If he or she is at least age 45 but less than age 46  
16           on June 1, 2014, then the required retirement ages under  
17           subsection (a) are increased by 4 months.

18           (3) If he or she is at least age 44 but less than age 45  
19           on June 1, 2014, then the required retirement ages under  
20           subsection (a) are increased by 8 months.

21           (4) If he or she is at least age 43 but less than age 44  
22           on June 1, 2014, then the required retirement ages under  
23           subsection (a) are increased by 12 months.

24           (5) If he or she is at least age 42 but less than age 43  
25           on June 1, 2014, then the required retirement ages under  
26           subsection (a) are increased by 16 months.

1           (6) If he or she is at least age 41 but less than age 42  
2 on June 1, 2014, then the required retirement ages under  
3 subsection (a) are increased by 20 months.

4           (7) If he or she is at least age 40 but less than age 41  
5 on June 1, 2014, then the required retirement ages under  
6 subsection (a) are increased by 24 months.

7           (8) If he or she is at least age 39 but less than age 40  
8 on June 1, 2014, then the required retirement ages under  
9 subsection (a) are increased by 28 months.

10           (9) If he or she is at least age 38 but less than age 39  
11 on June 1, 2014, then the required retirement ages under  
12 subsection (a) are increased by 32 months.

13           (10) If he or she is at least age 37 but less than age  
14 38 on June 1, 2014, then the required retirement ages under  
15 subsection (a) are increased by 36 months.

16           (11) If he or she is at least age 36 but less than age  
17 37 on June 1, 2014, then the required retirement ages under  
18 subsection (a) are increased by 40 months.

19           (12) If he or she is at least age 35 but less than age  
20 36 on June 1, 2014, then the required retirement ages under  
21 subsection (a) are increased by 44 months.

22           (13) If he or she is at least age 34 but less than age  
23 35 on June 1, 2014, then the required retirement ages under  
24 subsection (a) are increased by 48 months.

25           (14) If he or she is at least age 33 but less than age  
26 34 on June 1, 2014, then the required retirement ages under

1 subsection (a) are increased by 52 months.

2 (15) If he or she is at least age 32 but less than age  
3 33 on June 1, 2014, then the required retirement ages under  
4 subsection (a) are increased by 56 months.

5 (16) If he or she is less than age 32 on June 1, 2014,  
6 then the required retirement ages under subsection (a) are  
7 increased by 60 months.

8 Notwithstanding Section 1-103.1, this subsection (a-1)  
9 applies without regard to whether or not the Tier 1 participant  
10 is in active service under this Article on or after the  
11 effective date of this amendatory Act of the 98th General  
12 Assembly.

13 (a-5) A participant who first becomes a participant of this  
14 System on or after January 1, 2011 (the effective date of  
15 Public Act 96-889) who has attained age 62 and has at least 8  
16 years of service credit may elect to receive the lower  
17 retirement annuity provided in paragraph (c) of Section  
18 2-119.01 of this Code.

19 (b) A participant shall be considered permanently disabled  
20 only if: (1) disability occurs while in service and is of such  
21 a nature as to prevent him or her from reasonably performing  
22 the duties of his or her office at the time; and (2) the board  
23 has received a written certificate by at least 2 licensed  
24 physicians appointed by the board stating that the member is  
25 disabled and that the disability is likely to be permanent.

26 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11.)

1 (40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)

2 Sec. 2-119.1. Automatic increase in retirement annuity.

3 (a) Except as otherwise provided in this Section, a A  
4 participant who retires after June 30, 1967, and who has not  
5 received an initial increase under this Section before the  
6 effective date of this amendatory Act of 1991, shall, in  
7 January or July next following the first anniversary of  
8 retirement, whichever occurs first, and in the same month of  
9 each year thereafter, but in no event prior to age 60, have the  
10 amount of the originally granted retirement annuity increased  
11 as follows: for each year through 1971, 1 1/2%; for each year  
12 from 1972 through 1979, 2%; and for 1980 and each year  
13 thereafter, 3%. Annuitants who have received an initial  
14 increase under this subsection prior to the effective date of  
15 this amendatory Act of 1991 shall continue to receive their  
16 annual increases in the same month as the initial increase.

17 (a-1) Notwithstanding subsection (a), but subject to the  
18 provisions of subsection (a-2), for a Tier 1 retiree, all  
19 automatic increases payable under subsection (a) on or after  
20 the effective date of this amendatory Act of the 98th General  
21 Assembly shall be calculated as 3% of the lesser of (1) the  
22 total annuity payable at the time of the increase, including  
23 previous increases granted, or (2) \$1,000 multiplied by the  
24 number of years of creditable service upon which the annuity is  
25 based.

26 Beginning January 1, 2016, the \$1,000 referred to in item

1 (2) of this subsection (a-1) shall be increased on each January  
2 1 by the annual unadjusted percentage increase (but not less  
3 than zero) in the consumer price index-u for the 12 months  
4 ending with the preceding September; these adjustments shall be  
5 cumulative and compounded. For the purposes of this subsection  
6 (a-1), "consumer price index-u" means the index published by  
7 the Bureau of Labor Statistics of the United States Department  
8 of Labor that measures the average change in prices of goods  
9 and services purchased by all urban consumers, United States  
10 city average, all items, 1982-84 = 100. The new dollar amount  
11 resulting from each annual adjustment shall be determined by  
12 the Public Pension Division of the Department of Insurance and  
13 made available to the System by November 1 of each year.

14 This subsection (a-1) is applicable without regard to  
15 whether the person is in service on or after the effective date  
16 of this amendatory Act of the 98th General Assembly.

17 (a-2) Notwithstanding subsections (a) and (a-1), for an  
18 active or inactive Tier 1 participant who has not begun to  
19 receive a retirement annuity under this Article before July 1,  
20 2014:

21 (1) the second automatic annual increase payable under  
22 subsection (a) shall be at the rate of 0% of the total  
23 annuity payable at the time of the increase if he or she is  
24 at least age 50 on the effective date of this amendatory  
25 Act;

26 (2) the second, fourth, and sixth automatic annual

1 increases payable under subsection (a) shall be at the rate  
2 of 0% of the total annuity payable at the time of the  
3 increase if he or she is at least age 47 but less than age  
4 50 on the effective date of this amendatory Act;

5 (3) the second, fourth, sixth, and eighth automatic  
6 annual increases payable under subsection (a) shall be at  
7 the rate of 0% of the total annuity payable at the time of  
8 the increase if he or she is at least age 44 but less than  
9 age 47 on the effective date of this amendatory Act; and

10 (4) the second, fourth, sixth, eighth, and tenth  
11 automatic annual increases payable under subsection (a)  
12 shall be at the rate of 0% of the total annuity payable at  
13 the time of the increase if he or she is less than age 44 on  
14 the effective date of this amendatory Act.

15 For the purposes of Section 1-103.1, this subsection (a-2)  
16 is applicable without regard to whether the person is in  
17 service on or after the effective date of this amendatory Act  
18 of the 98th General Assembly.

19 (b) Beginning January 1, 1990, for eligible participants  
20 who remain in service after attaining 20 years of creditable  
21 service, the ~~3%~~ increases provided under subsection (a) shall  
22 begin to accrue on the January 1 next following the date upon  
23 which the participant (1) attains age 55, or (2) attains 20  
24 years of creditable service, whichever occurs later, and shall  
25 continue to accrue while the participant remains in service;  
26 such increases shall become payable on January 1 or July 1,



1       whichever occurs first, next following the first anniversary of  
2       retirement. For any person who has service credit in the System  
3       for the entire period from January 15, 1969 through December  
4       31, 1992, regardless of the date of termination of service, the  
5       reference to age 55 in clause (1) of this subsection (b) shall  
6       be deemed to mean age 50. The increases accruing under this  
7       subsection (b) after the effective date of this amendatory Act  
8       of the 98th General Assembly shall accrue at the rate provided  
9       in subsection (a-1).

10       This subsection (b) does not apply to any person who first  
11       becomes a member of the System after the effective date of this  
12       amendatory Act of the 93rd General Assembly.

13       (b-5) Notwithstanding any other provision of this Section  
14       Article, a participant who first becomes a participant on or  
15       after January 1, 2011 (the effective date of Public Act 96-889)  
16       shall, in January or July next following the first anniversary  
17       of retirement, whichever occurs first, and in the same month of  
18       each year thereafter, but in no event prior to age 67, have the  
19       amount of the retirement annuity then being paid increased by  
20       an amount calculated as a percentage of the originally granted  
21       retirement annuity, equal to 3% or one-half of the annual  
22       unadjusted percentage increase (but not less than zero) in the  
23       Consumer Price Index for All Urban Consumers for the 12 months  
24       ending with the preceding September, as determined by the  
25       Public Pension Division of the Department of Insurance and  
26       reported to the System by November 1 of each year ~~under~~

1 ~~subsection (a) of Section 2-108.1~~, whichever is less.

2 The changes made to this subsection (b-5) by this  
3 amendatory Act of the 98th General Assembly shall apply to  
4 increases provided under this subsection on or after the  
5 effective date of this amendatory Act without regard to whether  
6 service terminated before that effective date.

7 (c) The foregoing provisions relating to automatic  
8 increases are not applicable to a participant who retires  
9 before having made contributions (at the rate prescribed in  
10 Section 2-126) for automatic increases for less than the  
11 equivalent of one full year. However, in order to be eligible  
12 for the automatic increases, such a participant may make  
13 arrangements to pay to the system the amount required to bring  
14 the total contributions for the automatic increase to the  
15 equivalent of one year's contributions based upon his or her  
16 last salary.

17 (d) A participant who terminated service prior to July 1,  
18 1967, with at least 14 years of service is entitled to an  
19 increase in retirement annuity beginning January, 1976, and to  
20 additional increases in January of each year thereafter.

21 The initial increase shall be 1 1/2% of the originally  
22 granted retirement annuity multiplied by the number of full  
23 years that the annuitant was in receipt of such annuity prior  
24 to January 1, 1972, plus 2% of the originally granted  
25 retirement annuity for each year after that date. The  
26 subsequent annual increases shall be at the rate of 2% of the

1 originally granted retirement annuity for each year through  
 2 1979 and at the rate of 3% for 1980 and thereafter. The  
 3 increases provided under this subsection (d) on or after the  
 4 effective date of this amendatory Act of the 98th General  
 5 Assembly shall be at the rate provided in subsection (a-1),  
 6 notwithstanding that service terminated before that effective  
 7 date.

8 (e) Except as may be provided in subsection (b-5),  
 9 beginning ~~Beginning~~ January 1, 1990, all automatic annual  
 10 increases payable under this Section shall be calculated as a  
 11 percentage of the total annuity payable at the time of the  
 12 increase, including previous increases granted under this  
 13 Article.

14 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11.)

15 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)  
 16 Sec. 2-124. Contributions by State.

17 (a) The State shall make contributions to the System by  
 18 appropriations of amounts which, together with the  
 19 contributions of participants, interest earned on investments,  
 20 and other income will meet the cost of maintaining and  
 21 administering the System on a 100% ~~90%~~ funded basis in  
 22 accordance with actuarial recommendations by the end of State  
 23 fiscal year 2044.

24 (b) The Board shall determine the amount of State  
 25 contributions required for each fiscal year on the basis of the

1 actuarial tables and other assumptions adopted by the Board and  
2 the prescribed rate of interest, using the formula in  
3 subsection (c).

4 (c) For State fiscal years 2015 through 2044, the minimum  
5 contribution to the System to be made by the State for each  
6 fiscal year shall be an amount determined by the System to be  
7 equal to the sum of (1) the State's portion of the projected  
8 normal cost for that fiscal year, plus (2) an amount sufficient  
9 to bring the total assets of the System up to 100% of the total  
10 actuarial liabilities of the System by the end of State fiscal  
11 year 2044. In making these determinations, the required State  
12 contribution shall be calculated each year as a level  
13 percentage of payroll over the years remaining to and including  
14 fiscal year 2044 and shall be determined under the projected  
15 unit cost method for fiscal year 2015 and under the entry age  
16 normal actuarial cost method for fiscal years 2016 through  
17 2044.

18 For State fiscal years 2012 through 2014 ~~2045~~, the minimum  
19 contribution to the System to be made by the State for each  
20 fiscal year shall be an amount determined by the System to be  
21 sufficient to bring the total assets of the System up to 90% of  
22 the total actuarial liabilities of the System by the end of  
23 State fiscal year 2045. In making these determinations, the  
24 required State contribution shall be calculated each year as a  
25 level percentage of payroll over the years remaining to and  
26 including fiscal year 2045 and shall be determined under the

1 projected unit credit actuarial cost method.

2 For State fiscal years 1996 through 2005, the State  
3 contribution to the System, as a percentage of the applicable  
4 employee payroll, shall be increased in equal annual increments  
5 so that by State fiscal year 2011, the State is contributing at  
6 the rate required under this Section.

7 Notwithstanding any other provision of this Article, the  
8 total required State contribution for State fiscal year 2006 is  
9 \$4,157,000.

10 Notwithstanding any other provision of this Article, the  
11 total required State contribution for State fiscal year 2007 is  
12 \$5,220,300.

13 For each of State fiscal years 2008 through 2009, the State  
14 contribution to the System, as a percentage of the applicable  
15 employee payroll, shall be increased in equal annual increments  
16 from the required State contribution for State fiscal year  
17 2007, so that by State fiscal year 2011, the State is  
18 contributing at the rate otherwise required under this Section.

19 Notwithstanding any other provision of this Article, the  
20 total required State contribution for State fiscal year 2010 is  
21 \$10,454,000 and shall be made from the proceeds of bonds sold  
22 in fiscal year 2010 pursuant to Section 7.2 of the General  
23 Obligation Bond Act, less (i) the pro rata share of bond sale  
24 expenses determined by the System's share of total bond  
25 proceeds, (ii) any amounts received from the General Revenue  
26 Fund in fiscal year 2010, and (iii) any reduction in bond

1 proceeds due to the issuance of discounted bonds, if  
2 applicable.

3 Notwithstanding any other provision of this Article, the  
4 total required State contribution for State fiscal year 2011 is  
5 the amount recertified by the System on or before April 1, 2011  
6 pursuant to Section 2-134 and shall be made from the proceeds  
7 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of  
8 the General Obligation Bond Act, less (i) the pro rata share of  
9 bond sale expenses determined by the System's share of total  
10 bond proceeds, (ii) any amounts received from the General  
11 Revenue Fund in fiscal year 2011, and (iii) any reduction in  
12 bond proceeds due to the issuance of discounted bonds, if  
13 applicable.

14 Beginning in State fiscal year 2045, the minimum State  
15 contribution for each fiscal year shall be the amount needed to  
16 maintain the total assets of the System at 100% of the total  
17 actuarial liabilities of the System.

18 ~~Beginning in State fiscal year 2046, the minimum State~~  
19 ~~contribution for each fiscal year shall be the amount needed to~~  
20 ~~maintain the total assets of the System at 90% of the total~~  
21 ~~actuarial liabilities of the System.~~

22 Amounts received by the System pursuant to Section 25 of  
23 the Budget Stabilization Act or Section 8.12 of the State  
24 Finance Act in any fiscal year do not reduce and do not  
25 constitute payment of any portion of the minimum State  
26 contribution required under this Article in that fiscal year.

1 Such amounts shall not reduce, and shall not be included in the  
2 calculation of, the required State contributions under this  
3 Article in any future year until the System has reached a  
4 funding ratio of at least 100% ~~90%~~. A reference in this Article  
5 to the "required State contribution" or any substantially  
6 similar term does not include or apply to any amounts payable  
7 to the System under Section 25 of the Budget Stabilization Act.

8 Notwithstanding any other provision of this Section, the  
9 required State contribution for State fiscal year 2005 and for  
10 fiscal year 2008 and each fiscal year thereafter through State  
11 fiscal year 2014, as calculated under this Section and  
12 certified under Section 2-134, shall not exceed an amount equal  
13 to (i) the amount of the required State contribution that would  
14 have been calculated under this Section for that fiscal year if  
15 the System had not received any payments under subsection (d)  
16 of Section 7.2 of the General Obligation Bond Act, minus (ii)  
17 the portion of the State's total debt service payments for that  
18 fiscal year on the bonds issued in fiscal year 2003 for the  
19 purposes of that Section 7.2, as determined and certified by  
20 the Comptroller, that is the same as the System's portion of  
21 the total moneys distributed under subsection (d) of Section  
22 7.2 of the General Obligation Bond Act. In determining this  
23 maximum for State fiscal years 2008 through 2010, however, the  
24 amount referred to in item (i) shall be increased, as a  
25 percentage of the applicable employee payroll, in equal  
26 increments calculated from the sum of the required State

1 contribution for State fiscal year 2007 plus the applicable  
2 portion of the State's total debt service payments for fiscal  
3 year 2007 on the bonds issued in fiscal year 2003 for the  
4 purposes of Section 7.2 of the General Obligation Bond Act, so  
5 that, by State fiscal year 2011, the State is contributing at  
6 the rate otherwise required under this Section.

7 (d) For purposes of determining the required State  
8 contribution to the System, the value of the System's assets  
9 shall be equal to the actuarial value of the System's assets,  
10 which shall be calculated as follows:

11 As of June 30, 2008, the actuarial value of the System's  
12 assets shall be equal to the market value of the assets as of  
13 that date. In determining the actuarial value of the System's  
14 assets for fiscal years after June 30, 2008, any actuarial  
15 gains or losses from investment return incurred in a fiscal  
16 year shall be recognized in equal annual amounts over the  
17 5-year period following that fiscal year.

18 (e) For purposes of determining the required State  
19 contribution to the system for a particular year, the actuarial  
20 value of assets shall be assumed to earn a rate of return equal  
21 to the system's actuarially assumed rate of return.

22 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;  
23 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.  
24 7-13-12.)

25 (40 ILCS 5/2-125) (from Ch. 108 1/2, par. 2-125)



1           Sec. 2-125. Obligations of State; funding guarantee.

2           (a) The payment of (1) the required State contributions,  
3           (2) all benefits granted under this system and (3) all expenses  
4           of administration and operation are obligations of the State to  
5           the extent specified in this Article.

6           (b) All income, interest and dividends derived from  
7           deposits and investments shall be credited to the account of  
8           the system in the State Treasury and used to pay benefits under  
9           this Article.

10          (c) Beginning July 1, 2014, the State shall be obligated to  
11          contribute to the System in each State fiscal year an amount  
12          not less than the sum of (i) the State's normal cost for the  
13          year and (ii) the portion of the unfunded accrued liability  
14          assigned to that year by law. Notwithstanding any other  
15          provision of law, if the State fails to pay an amount required  
16          under this subsection, it shall be the obligation of the Board  
17          to seek payment of the required amount in compliance with the  
18          provisions of this Section and, if the amount remains unpaid,  
19          to bring a mandamus action in the Supreme Court of Illinois to  
20          compel the State to make the required payment.

21          If the System submits a voucher for contributions required  
22          under Section 2-124 and the State fails to pay that voucher  
23          within 90 days of its receipt, the Board shall submit a written  
24          request to the Comptroller seeking payment. A copy of the  
25          request shall be filed with the Secretary of State, and the  
26          Secretary of State shall provide a copy to the Governor and

1 General Assembly. No earlier than the 16th day after the System  
2 files the request with the Comptroller and Secretary of State,  
3 if the amount remains unpaid the Board shall commence a  
4 mandamus action in the Supreme Court of Illinois to compel the  
5 Comptroller to satisfy the voucher.

6 This subsection (c) constitutes an express waiver of the  
7 State's sovereign immunity solely to the extent that it permits  
8 the Board to commence a mandamus action in the Supreme Court of  
9 Illinois to compel the Comptroller to pay a voucher for the  
10 contributions required under Section 2-124.

11 (d) Beginning in State fiscal year 2016, the State shall be  
12 obligated to make the transfers set forth in subsections (c-5)  
13 and (c-10) of Section 20 of the Budget Stabilization Act and to  
14 pay to the System its proportionate share of the transferred  
15 amounts in accordance with Section 25 of the Budget  
16 Stabilization Act. Notwithstanding any other provision of law,  
17 if the State fails to transfer an amount required under this  
18 subsection or to pay to the System its proportionate share of  
19 the transferred amount in accordance with Section 25 of the  
20 Budget Stabilization Act, it shall be the obligation of the  
21 Board to seek transfer or payment of the required amount in  
22 compliance with the provisions of this Section and, if the  
23 required amount remains untransferred or the required payment  
24 remains unpaid, to bring a mandamus action in the Supreme Court  
25 of Illinois to compel the State to make the required transfer  
26 or payment or both, as the case may be.

1       If the State fails to make a transfer required under  
2 subsection (c-5) or (c-10) of Section 20 of the Budget  
3 Stabilization Act or a payment to the System required under  
4 Section 25 of that Act, the Board shall submit a written  
5 request to the Comptroller seeking payment. A copy of the  
6 request shall be filed with the Secretary of State, and the  
7 Secretary of State shall provide a copy to the Governor and  
8 General Assembly. No earlier than the 16th day after the System  
9 files the request with the Comptroller and Secretary of State,  
10 if the required amount remains untransferred or the required  
11 payment remains unpaid, the Board shall commence a mandamus  
12 action in the Supreme Court of Illinois to compel the  
13 Comptroller to make the required transfer or payment or both,  
14 as the case may be.

15       This subsection (d) constitutes an express waiver of the  
16 State's sovereign immunity solely to the extent that it permits  
17 the Board to commence a mandamus action in the Supreme Court of  
18 Illinois to compel the Comptroller to make a transfer required  
19 under subsection (c-5) or (c-10) of Section 20 of the Budget  
20 Stabilization Act and to pay to the System its proportionate  
21 share of the transferred amount in accordance with Section 25  
22 of the Budget Stabilization Act.

23       The obligations created by this subsection (d) expire when  
24 all of the requirements of subsections (c-5) and (c-10) of  
25 Section 20 of the Budget Stabilization Act and Section 25 of  
26 the Budget Stabilization Act have been met.

1       (e) Any payments and transfers required to be made by the  
2 State pursuant to subsection (c) or (d) are expressly  
3 subordinate to the payment of the principal, interest, and  
4 premium, if any, on any bonded debt obligation of the State or  
5 any other State-created entity, either currently outstanding  
6 or to be issued, for which the source of repayment or security  
7 thereon is derived directly or indirectly from tax revenues  
8 collected by the State or any other State-created entity.  
9 Payments on such bonded obligations include any statutory fund  
10 transfers or other prefunding mechanisms or formulas set forth,  
11 now or hereafter, in State law or bond indentures, into debt  
12 service funds or accounts of the State related to such bond  
13 obligations, consistent with the payment schedules associated  
14 with such obligations.

15       (Source: P.A. 83-1440.)

16           (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

17           Sec. 2-126. Contributions by participants.

18           (a) Each participant shall contribute toward the cost of  
19 his or her retirement annuity a percentage of each payment of  
20 salary received by him or her for service as a member as  
21 follows: for service between October 31, 1947 and January 1,  
22 1959, 5%; for service between January 1, 1959 and June 30,  
23 1969, 6%; for service between July 1, 1969 and January 10,  
24 1973, 6 1/2%; for service after January 10, 1973, 7%; for  
25 service after December 31, 1981, 8 1/2%.

1 (b) Beginning August 2, 1949, each male participant, and  
2 from July 1, 1971, each female participant shall contribute  
3 towards the cost of the survivor's annuity 2% of salary.

4 A participant who has no eligible survivor's annuity  
5 beneficiary may elect to cease making contributions for  
6 survivor's annuity under this subsection. A survivor's annuity  
7 shall not be payable upon the death of a person who has made  
8 this election, unless prior to that death the election has been  
9 revoked and the amount of the contributions that would have  
10 been paid under this subsection in the absence of the election  
11 is paid to the System, together with interest at the rate of 4%  
12 per year from the date the contributions would have been made  
13 to the date of payment.

14 (c) Beginning July 1, 1967 and, in the case of Tier 1  
15 participants, ending on June 30, 2014, each participant shall  
16 contribute 1% of salary towards the cost of automatic increase  
17 in annuity provided in Section 2-119.1. These contributions  
18 shall be made concurrently with contributions for retirement  
19 annuity purposes.

20 (d) In addition, each participant serving as an officer of  
21 the General Assembly shall contribute, for the same purposes  
22 and at the same rates as are required of a regular participant,  
23 on each additional payment received as an officer. If the  
24 participant serves as an officer for at least 2 but less than 4  
25 years, he or she shall contribute an amount equal to the amount  
26 that would have been contributed had the participant served as

1 an officer for 4 years. Persons who serve as officers in the  
2 87th General Assembly but cannot receive the additional payment  
3 to officers because of the ban on increases in salary during  
4 their terms may nonetheless make contributions based on those  
5 additional payments for the purpose of having the additional  
6 payments included in their highest salary for annuity purposes;  
7 however, persons electing to make these additional  
8 contributions must also pay an amount representing the  
9 corresponding employer contributions, as calculated by the  
10 System.

11 (e) Notwithstanding any other provision of this Article,  
12 the required contribution of a participant who first becomes a  
13 participant on or after January 1, 2011 shall not exceed the  
14 contribution that would be due under this Article if that  
15 participant's highest salary for annuity purposes were  
16 \$106,800, plus any increases in that amount under Section  
17 2-108.1.

18 (Source: P.A. 96-1490, eff. 1-1-11.)

19 (40 ILCS 5/2-126.5 new)

20 Sec. 2-126.5. Use of contributions for health care  
21 subsidies. The System shall not use any contribution received  
22 by the System under this Article to provide a subsidy for the  
23 cost of participation in a retiree health care program.

24 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

1           Sec. 2-134. To certify required State contributions and  
2 submit vouchers.

3           (a) The Board shall certify to the Governor on or before  
4 December 15 of each year until December 15, 2011 the amount of  
5 the required State contribution to the System for the next  
6 fiscal year and shall specifically identify the System's  
7 projected State normal cost for that fiscal year. The  
8 certification shall include a copy of the actuarial  
9 recommendations upon which it is based and shall specifically  
10 identify the System's projected State normal cost for that  
11 fiscal year.

12           On or before November 1 of each year, beginning November 1,  
13 2012, the Board shall submit to the State Actuary, the  
14 Governor, and the General Assembly a proposed certification of  
15 the amount of the required State contribution to the System for  
16 the next fiscal year, along with all of the actuarial  
17 assumptions, calculations, and data upon which that proposed  
18 certification is based. On or before January 1 of each year  
19 beginning January 1, 2013, the State Actuary shall issue a  
20 preliminary report concerning the proposed certification and  
21 identifying, if necessary, recommended changes in actuarial  
22 assumptions that the Board must consider before finalizing its  
23 certification of the required State contributions. On or before  
24 January 15, 2013 and every January 15 thereafter, the Board  
25 shall certify to the Governor and the General Assembly the  
26 amount of the required State contribution for the next fiscal

1 year. The Board's certification must note any deviations from  
2 the State Actuary's recommended changes, the reason or reasons  
3 for not following the State Actuary's recommended changes, and  
4 the fiscal impact of not following the State Actuary's  
5 recommended changes on the required State contribution.

6 On or before May 1, 2004, the Board shall recalculate and  
7 recertify to the Governor the amount of the required State  
8 contribution to the System for State fiscal year 2005, taking  
9 into account the amounts appropriated to and received by the  
10 System under subsection (d) of Section 7.2 of the General  
11 Obligation Bond Act.

12 On or before July 1, 2005, the Board shall recalculate and  
13 recertify to the Governor the amount of the required State  
14 contribution to the System for State fiscal year 2006, taking  
15 into account the changes in required State contributions made  
16 by this amendatory Act of the 94th General Assembly.

17 On or before April 1, 2011, the Board shall recalculate and  
18 recertify to the Governor the amount of the required State  
19 contribution to the System for State fiscal year 2011, applying  
20 the changes made by Public Act 96-889 to the System's assets  
21 and liabilities as of June 30, 2009 as though Public Act 96-889  
22 was approved on that date.

23 (a-5) For purposes of Section (c-5) of Section 20 of the  
24 Budget Stabilization Act, on or before November 1 of each year  
25 beginning November 1, 2014, the Board shall determine the  
26 amount of the State contribution to the System that would have



1 been required for the next fiscal year if this amendatory Act  
2 of the 98th General Assembly had not taken effect, using the  
3 best and most recent available data but based on the law in  
4 effect on May 31, 2014. The Board shall submit to the State  
5 Actuary, the Governor, and the General Assembly a proposed  
6 certification, along with the relevant law, actuarial  
7 assumptions, calculations, and data upon which that  
8 certification is based. On or before January 1, 2015 and every  
9 January 1 thereafter, the State Actuary shall issue a  
10 preliminary report concerning the proposed certification and  
11 identifying, if necessary, recommended changes in actuarial  
12 assumptions that the Board must consider before finalizing its  
13 certification. On or before January 15, 2015 and every January  
14 1 thereafter, the Board shall certify to the Governor and the  
15 General Assembly the amount of the State contribution to the  
16 System that would have been required for the next fiscal year  
17 if this amendatory Act of the 98th General Assembly had not  
18 taken effect, using the best and most recent available data but  
19 based on the law in effect on May 31, 2014. The Board's  
20 certification must note any deviations from the State Actuary's  
21 recommended changes, the reason or reasons for not following  
22 the State Actuary's recommended changes, and the impact of not  
23 following the State Actuary's recommended changes.

24 (b) Beginning in State fiscal year 1996, on or as soon as  
25 possible after the 15th day of each month the Board shall  
26 submit vouchers for payment of State contributions to the

1 System, in a total monthly amount of one-twelfth of the  
2 required annual State contribution certified under subsection  
3 (a). From the effective date of this amendatory Act of the 93rd  
4 General Assembly through June 30, 2004, the Board shall not  
5 submit vouchers for the remainder of fiscal year 2004 in excess  
6 of the fiscal year 2004 certified contribution amount  
7 determined under this Section after taking into consideration  
8 the transfer to the System under subsection (d) of Section  
9 6z-61 of the State Finance Act. These vouchers shall be paid by  
10 the State Comptroller and Treasurer by warrants drawn on the  
11 funds appropriated to the System for that fiscal year. If in  
12 any month the amount remaining unexpended from all other  
13 appropriations to the System for the applicable fiscal year  
14 (including the appropriations to the System under Section 8.12  
15 of the State Finance Act and Section 1 of the State Pension  
16 Funds Continuing Appropriation Act) is less than the amount  
17 lawfully vouchered under this Section, the difference shall be  
18 paid from the General Revenue Fund under the continuing  
19 appropriation authority provided in Section 1.1 of the State  
20 Pension Funds Continuing Appropriation Act.

21 (c) The full amount of any annual appropriation for the  
22 System for State fiscal year 1995 shall be transferred and made  
23 available to the System at the beginning of that fiscal year at  
24 the request of the Board. Any excess funds remaining at the end  
25 of any fiscal year from appropriations shall be retained by the  
26 System as a general reserve to meet the System's accrued

1 liabilities.

2 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;  
3 97-694, eff. 6-18-12.)

4 (40 ILCS 5/2-162)

5 Sec. 2-162. Application and expiration of new benefit  
6 increases.

7 (a) As used in this Section, "new benefit increase" means  
8 an increase in the amount of any benefit provided under this  
9 Article, or an expansion of the conditions of eligibility for  
10 any benefit under this Article, that results from an amendment  
11 to this Code that takes effect after the effective date of this  
12 amendatory Act of the 94th General Assembly. "New benefit  
13 increase", however, does not include any benefit increase  
14 resulting from the changes made to this Article by this  
15 amendatory Act of the 98th General Assembly.

16 (b) Notwithstanding any other provision of this Code or any  
17 subsequent amendment to this Code, every new benefit increase  
18 is subject to this Section and shall be deemed to be granted  
19 only in conformance with and contingent upon compliance with  
20 the provisions of this Section.

21 (c) The Public Act enacting a new benefit increase must  
22 identify and provide for payment to the System of additional  
23 funding at least sufficient to fund the resulting annual  
24 increase in cost to the System as it accrues.

25 Every new benefit increase is contingent upon the General

1 Assembly providing the additional funding required under this  
2 subsection. The Commission on Government Forecasting and  
3 Accountability shall analyze whether adequate additional  
4 funding has been provided for the new benefit increase and  
5 shall report its analysis to the Public Pension Division of the  
6 Department of Insurance ~~Financial and Professional Regulation~~.  
7 A new benefit increase created by a Public Act that does not  
8 include the additional funding required under this subsection  
9 is null and void. If the Public Pension Division determines  
10 that the additional funding provided for a new benefit increase  
11 under this subsection is or has become inadequate, it may so  
12 certify to the Governor and the State Comptroller and, in the  
13 absence of corrective action by the General Assembly, the new  
14 benefit increase shall expire at the end of the fiscal year in  
15 which the certification is made.

16 (d) Every new benefit increase shall expire 5 years after  
17 its effective date or on such earlier date as may be specified  
18 in the language enacting the new benefit increase or provided  
19 under subsection (c). This does not prevent the General  
20 Assembly from extending or re-creating a new benefit increase  
21 by law.

22 (e) Except as otherwise provided in the language creating  
23 the new benefit increase, a new benefit increase that expires  
24 under this Section continues to apply to persons who applied  
25 and qualified for the affected benefit while the new benefit  
26 increase was in effect and to the affected beneficiaries and

1 alternate payees of such persons, but does not apply to any  
2 other person, including without limitation a person who  
3 continues in service after the expiration date and did not  
4 apply and qualify for the affected benefit while the new  
5 benefit increase was in effect.

6 (Source: P.A. 94-4, eff. 6-1-05.)

7 (40 ILCS 5/2-165 new)

8 Sec. 2-165. Defined contribution plan.

9 (a) By July 1, 2015, the System shall prepare and implement  
10 a voluntary defined contribution plan for up to 5% of eligible  
11 active Tier 1 participants. The System shall determine the 5%  
12 cap by determining the number of active Tier 1 participants on  
13 the effective date of this Section. The defined contribution  
14 plan developed under this Section shall be a plan that  
15 aggregates employer and employee contributions in individual  
16 participant accounts which, after meeting any other  
17 requirements, are used for payouts after retirement in  
18 accordance with this Section and any other applicable laws.

19 As used in this Section, "defined benefit plan" means the  
20 retirement plan available under this Article to Tier 1  
21 participants who have not made the election authorized under  
22 this Section.

23 (1) Under the defined contribution plan, an active Tier  
24 1 participant of this System could elect to cease accruing  
25 benefits in the defined benefit plan under this Article and

1 begin accruing benefits for future service in the defined  
2 contribution plan. Service credit under the defined  
3 contribution plan may be used for determining retirement  
4 eligibility under the defined benefit plan.

5 (2) Participants in the defined contribution plan  
6 shall pay employee contributions at the same rate as Tier 1  
7 participants in this System who do not participate in the  
8 defined contribution plan.

9 (3) State contributions shall be paid into the accounts  
10 of all participants in the defined contribution plan at a  
11 uniform rate, expressed as a percentage of compensation and  
12 determined for each year. This rate shall be no higher than  
13 the employer's normal cost for Tier 1 participants in the  
14 defined benefit plan for that year, as determined by the  
15 System and expressed as a percentage of compensation, and  
16 shall be no lower than 3% of compensation. The State shall  
17 adjust this rate annually.

18 (4) The defined contribution plan shall require 5 years  
19 of participation in the defined contribution plan before  
20 vesting in State contributions. If the participant fails to  
21 vest in them, the State contributions, and the earnings  
22 thereon, shall be forfeited.

23 (5) The defined contribution plan may provide for  
24 participants in the plan to be eligible for defined  
25 disability benefits. If it does, the System shall reduce  
26 the employee contributions credited to the participant's

1 defined contribution plan account by an amount determined  
2 by the System to cover the cost of offering such benefits.

3 (6) The defined contribution plan shall provide a  
4 variety of options for investments. These options shall  
5 include investments handled by the Illinois State Board of  
6 Investment as well as private sector investment options.

7 (7) The defined contribution plan shall provide a  
8 variety of options for payouts to retirees and their  
9 survivors.

10 (8) To the extent authorized under federal law and as  
11 authorized by the System, the plan shall allow former  
12 participants in the plan to transfer or roll over employee  
13 and vested State contributions, and the earnings thereon,  
14 into other qualified retirement plans.

15 (9) The System shall reduce the employee contributions  
16 credited to the participant's defined contribution plan  
17 account by an amount determined by the System to cover the  
18 cost of offering these benefits and any applicable  
19 administrative fees.

20 (b) Only persons who are active Tier 1 participants of the  
21 System on the effective date of this Section are eligible to  
22 participate in the defined contribution plan. Participation in  
23 the defined contribution plan shall be limited to the first 5%  
24 of eligible persons who elect to participate. The election to  
25 participate in the defined contribution plan is voluntary and  
26 irrevocable.

1       (c) An eligible active Tier 1 participant may irrevocably  
2 elect to participate in the defined contribution plan by filing  
3 with the System a written application to participate that is  
4 received by the System prior to its determination that 5% of  
5 eligible persons have elected to participate in the defined  
6 contribution plan.

7       When the System first determines that 5% of eligible  
8 persons have elected to participate in the defined contribution  
9 plan, the System shall provide notice to previously eligible  
10 employees that the plan is no longer available and shall cease  
11 accepting applications to participate.

12       (d) The System shall make a good faith effort to contact  
13 each active Tier 1 participant who is eligible to participate  
14 in the defined contribution plan. The System shall mail  
15 information describing the option to join the defined  
16 contribution plan to each of these employees to his or her last  
17 known address on file with the System. If the employee is not  
18 responsive to other means of contact, it is sufficient for the  
19 System to publish the details of the option on its website.

20       Upon request for further information describing the  
21 option, the System shall provide employees with information  
22 from the System before exercising the option to join the plan,  
23 including information on the impact to their vested benefits or  
24 non-vested service. The individual consultation shall include  
25 projections of the participant's defined benefits at  
26 retirement or earlier termination of service and the value of



1 the participant's account at retirement or earlier termination  
2 of service. The System shall not provide advice or counseling  
3 with respect to whether the employee should exercise the  
4 option. The System shall inform Tier 1 participants who are  
5 eligible to participate in the defined contribution plan that  
6 they may also wish to obtain information and counsel relating  
7 to their option from any other available source, including but  
8 not limited to labor organizations, private counsel, and  
9 financial advisors.

10 (e) In no event shall the System, its staff, its authorized  
11 representatives, or the Board be liable for any information  
12 given to an employee under this Section. The System may  
13 coordinate with the Illinois Department of Central Management  
14 Services and other retirement systems administering a defined  
15 contribution plan in accordance with this amendatory Act of the  
16 98th General Assembly to provide information concerning the  
17 impact of the option set forth in this Section.

18 (f) Notwithstanding any other provision of this Section, no  
19 person shall begin participating in the defined contribution  
20 plan until it has attained qualified plan status and received  
21 all necessary approvals from the U.S. Internal Revenue Service.

22 (g) The System shall report on its progress under this  
23 Section, including the available details of the defined  
24 contribution plan and the System's plans for informing eligible  
25 Tier 1 participants about the plan, to the Governor and the  
26 General Assembly on or before January 15, 2015.

1 (40 ILCS 5/2-166 new)

2 Sec. 2-166. Defined contribution plan; termination. If the  
3 defined contribution plan is terminated or becomes inoperative  
4 pursuant to law, then each participant in the plan shall  
5 automatically be deemed to have been a contributing Tier 1  
6 participant in the System's defined benefit plan during the  
7 time in which he or she participated in the defined  
8 contribution plan, and for that purpose the System shall be  
9 entitled to recover the amounts in the participant's defined  
10 contribution accounts.

11 (40 ILCS 5/7-109) (from Ch. 108 1/2, par. 7-109)

12 Sec. 7-109. Employee.

13 (1) "Employee" means any person who:

14 (a) 1. Receives earnings as payment for the performance  
15 of personal services or official duties out of the  
16 general fund of a municipality, or out of any special  
17 fund or funds controlled by a municipality, or by an  
18 instrumentality thereof, or a participating  
19 instrumentality, including, in counties, the fees or  
20 earnings of any county fee office; and

21 2. Under the usual common law rules applicable in  
22 determining the employer-employee relationship, has  
23 the status of an employee with a municipality, or any  
24 instrumentality thereof, or a participating  
25 instrumentality, including aldermen, county

1 supervisors and other persons (excepting those  
2 employed as independent contractors) who are paid  
3 compensation, fees, allowances or other emolument for  
4 official duties, and, in counties, the several county  
5 fee offices.

6 (b) Serves as a township treasurer appointed under the  
7 School Code, as heretofore or hereafter amended, and who  
8 receives for such services regular compensation as  
9 distinguished from per diem compensation, and any regular  
10 employee in the office of any township treasurer whether or  
11 not his earnings are paid from the income of the permanent  
12 township fund or from funds subject to distribution to the  
13 several school districts and parts of school districts as  
14 provided in the School Code, or from both such sources; or  
15 is the chief executive officer, chief educational officer,  
16 chief fiscal officer, or other employee of a Financial  
17 Oversight Panel established pursuant to Article 1H of the  
18 School Code, other than a superintendent or certified  
19 school business official, except that such person shall not  
20 be treated as an employee under this Section if that person  
21 has negotiated with the Financial Oversight Panel, in  
22 conjunction with the school district, a contractual  
23 agreement for exclusion from this Section.

24 (c) Holds an elective office in a municipality,  
25 instrumentality thereof or participating instrumentality.

26 (2) "Employee" does not include persons who:

1 (a) Are eligible for inclusion under any of the  
2 following laws:

3 1. "An Act in relation to an Illinois State  
4 Teachers' Pension and Retirement Fund", approved May  
5 27, 1915, as amended;

6 2. Articles 15 and 16 of this Code.

7 However, such persons shall be included as employees to  
8 the extent of earnings that are not eligible for inclusion  
9 under the foregoing laws for services not of an  
10 instructional nature of any kind.

11 However, any member of the armed forces who is employed  
12 as a teacher of subjects in the Reserve Officers Training  
13 Corps of any school and who is not certified under the law  
14 governing the certification of teachers shall be included  
15 as an employee.

16 (b) Are designated by the governing body of a  
17 municipality in which a pension fund is required by law to  
18 be established for policemen or firemen, respectively, as  
19 performing police or fire protection duties, except that  
20 when such persons are the heads of the police or fire  
21 department and are not eligible to be included within any  
22 such pension fund, they shall be included within this  
23 Article; provided, that such persons shall not be excluded  
24 to the extent of concurrent service and earnings not  
25 designated as being for police or fire protection duties.  
26 However, (i) any head of a police department who was a

1 participant under this Article immediately before October  
2 1, 1977 and did not elect, under Section 3-109 of this Act,  
3 to participate in a police pension fund shall be an  
4 "employee", and (ii) any chief of police who elects to  
5 participate in this Fund under Section 3-109.1 of this  
6 Code, regardless of whether such person continues to be  
7 employed as chief of police or is employed in some other  
8 rank or capacity within the police department, shall be an  
9 employee under this Article for so long as such person is  
10 employed to perform police duties by a participating  
11 municipality and has not lawfully rescinded that election.

12 (c) After August 26, 2011 (the effective date of Public  
13 Act 97-609), are contributors to or eligible to contribute  
14 to a Taft-Hartley pension plan established on or before  
15 June 1, 2011 and are employees of a theatre, arena, or  
16 convention center that is located in a municipality located  
17 in a county with a population greater than 5,000,000, and  
18 to which the participating municipality is required to  
19 contribute as the person's employer based on earnings from  
20 the municipality. Nothing in this paragraph shall affect  
21 service credit or creditable service for any period of  
22 service prior to August 26, 2011, and this paragraph shall  
23 not apply to individuals who are participating in the Fund  
24 prior to August 26, 2011.

25 (d) Become an employee of any of the following  
26 participating instrumentalities on or after the effective

1 date of this amendatory Act of the 98th General Assembly:  
2 the Illinois Municipal League; the Illinois Association of  
3 Park Districts; the Illinois Supervisors, County  
4 Commissioners and Superintendents of Highways Association;  
5 an association, or not-for-profit corporation, membership  
6 in which is authorized under Section 85-15 of the Township  
7 Code; the United Counties Council; or the Will County  
8 Governmental League.

9 (3) All persons, including, without limitation, public  
10 defenders and probation officers, who receive earnings from  
11 general or special funds of a county for performance of  
12 personal services or official duties within the territorial  
13 limits of the county, are employees of the county (unless  
14 excluded by subsection (2) of this Section) notwithstanding  
15 that they may be appointed by and are subject to the direction  
16 of a person or persons other than a county board or a county  
17 officer. It is hereby established that an employer-employee  
18 relationship under the usual common law rules exists between  
19 such employees and the county paying their salaries by reason  
20 of the fact that the county boards fix their rates of  
21 compensation, appropriate funds for payment of their earnings  
22 and otherwise exercise control over them. This finding and this  
23 amendatory Act shall apply to all such employees from the date  
24 of appointment whether such date is prior to or after the  
25 effective date of this amendatory Act and is intended to  
26 clarify existing law pertaining to their status as

1 participating employees in the Fund.

2 (Source: P.A. 97-429, eff. 8-16-11; 97-609, eff. 8-26-11;  
3 97-813, eff. 7-13-12.)

4 (40 ILCS 5/7-114) (from Ch. 108 1/2, par. 7-114)

5 Sec. 7-114. Earnings. "Earnings":

6 (a) An amount to be determined by the board, equal to the  
7 sum of:

8 1. The total amount of money paid to an employee for  
9 personal services or official duties as an employee (except  
10 those employed as independent contractors) paid out of the  
11 general fund, or out of any special funds controlled by the  
12 municipality, or by any instrumentality thereof, or  
13 participating instrumentality, including compensation,  
14 fees, allowances, or other emolument paid for official  
15 duties (but not including automobile maintenance, travel  
16 expense, or reimbursements for expenditures incurred in  
17 the performance of duties or, in the case of a person who  
18 first becomes a participant on or after the effective date  
19 of this amendatory Act of the 98th General Assembly,  
20 payments for unused sick or vacation time) and, for fee  
21 offices, the fees or earnings of the offices to the extent  
22 such fees are paid out of funds controlled by the  
23 municipality, or instrumentality or participating  
24 instrumentality; and

25 2. The money value, as determined by rules prescribed

1 by the governing body of the municipality, or  
2 instrumentality thereof, of any board, lodging, fuel,  
3 laundry, and other allowances provided an employee in lieu  
4 of money.

5 (b) For purposes of determining benefits payable under this  
6 fund payments to a person who is engaged in an independently  
7 established trade, occupation, profession or business and who  
8 is paid for his service on a basis other than a monthly or  
9 other regular salary, are not earnings.

10 (c) If a disabled participating employee is eligible to  
11 receive Workers' Compensation for an accidental injury and the  
12 participating municipality or instrumentality which employed  
13 the participating employee when injured continues to pay the  
14 participating employee regular salary or other compensation or  
15 pays the employee an amount in excess of the Workers'  
16 Compensation amount, then earnings shall be deemed to be the  
17 total payments, including an amount equal to the Workers'  
18 Compensation payments. These payments shall be subject to  
19 employee contributions and allocated as if paid to the  
20 participating employee when the regular payroll amounts would  
21 have been paid if the participating employee had continued  
22 working, and creditable service shall be awarded for this  
23 period.

24 (d) If an elected official who is a participating employee  
25 becomes disabled but does not resign and is not removed from  
26 office, then earnings shall include all salary payments made



1 for the remainder of that term of office and the official shall  
2 be awarded creditable service for the term of office.

3 (e) If a participating employee is paid pursuant to "An Act  
4 to provide for the continuation of compensation for law  
5 enforcement officers, correctional officers and firemen who  
6 suffer disabling injury in the line of duty", approved  
7 September 6, 1973, as amended, the payments shall be deemed  
8 earnings, and the participating employee shall be awarded  
9 creditable service for this period.

10 (f) Additional compensation received by a person while  
11 serving as a supervisor of assessments, assessor, deputy  
12 assessor or member of a board of review from the State of  
13 Illinois pursuant to Section 4-10 or 4-15 of the Property Tax  
14 Code shall not be earnings for purposes of this Article and  
15 shall not be included in the contribution formula or  
16 calculation of benefits for such person pursuant to this  
17 Article.

18 (Source: P.A. 87-740; 88-670, eff. 12-2-94.)

19 (40 ILCS 5/7-116) (from Ch. 108 1/2, par. 7-116)

20 Sec. 7-116. "Final rate of earnings":

21 (a) For retirement and survivor annuities, the monthly  
22 earnings obtained by dividing the total earnings received by  
23 the employee during the period of either (1) the 48 consecutive  
24 months of service within the last 120 months of service in  
25 which his total earnings were the highest or (2) the employee's

1 total period of service, by the number of months of service in  
2 such period.

3 (b) For death benefits, the higher of the rate determined  
4 under paragraph (a) of this Section or total earnings received  
5 in the last 12 months of service divided by twelve. If the  
6 deceased employee has less than 12 months of service, the  
7 monthly final rate shall be the monthly rate of pay the  
8 employee was receiving when he began service.

9 (c) For disability benefits, the total earnings of a  
10 participating employee in the last 12 calendar months of  
11 service prior to the date he becomes disabled divided by 12.

12 (d) In computing the final rate of earnings: (1) the  
13 earnings rate for all periods of prior service shall be  
14 considered equal to the average earnings rate for the last 3  
15 calendar years of prior service for which creditable service is  
16 received under Section 7-139 or, if there is less than 3 years  
17 of creditable prior service, the average for the total prior  
18 service period for which creditable service is received under  
19 Section 7-139; (2) for out of state service and authorized  
20 leave, the earnings rate shall be the rate upon which service  
21 credits are granted; (3) periods of military leave shall not be  
22 considered; (4) the earnings rate for all periods of disability  
23 shall be considered equal to the rate of earnings upon which  
24 the employee's disability benefits are computed for such  
25 periods; (5) the earnings to be considered for each of the  
26 final three months of the final earnings period for persons who

1 first became participants before January 1, 2012 and the  
2 earnings to be considered for each of the final 24 months for  
3 participants who first become participants on or after January  
4 1, 2012 shall not exceed 125% of the highest earnings of any  
5 other month in the final earnings period; ~~and~~ (6) the annual  
6 amount of final rate of earnings shall be the monthly amount  
7 multiplied by the number of months of service normally required  
8 by the position in a year; and (7) in the case of a person who  
9 first becomes a participant on or after the effective date of  
10 this amendatory Act of the 98th General Assembly, payments for  
11 unused sick or vacation time shall not be considered.

12 (Source: P.A. 97-609, eff. 1-1-12.)

13 (40 ILCS 5/7-139) (from Ch. 108 1/2, par. 7-139)

14 Sec. 7-139. Credits and creditable service to employees.

15 (a) Each participating employee shall be granted credits  
16 and creditable service, for purposes of determining the amount  
17 of any annuity or benefit to which he or a beneficiary is  
18 entitled, as follows:

19 1. For prior service: Each participating employee who  
20 is an employee of a participating municipality or  
21 participating instrumentality on the effective date shall  
22 be granted creditable service, but no credits under  
23 paragraph 2 of this subsection (a), for periods of prior  
24 service for which credit has not been received under any  
25 other pension fund or retirement system established under

1           this Code, as follows:

2           If the effective date of participation for the  
3 participating municipality or participating  
4 instrumentality is on or before January 1, 1998, creditable  
5 service shall be granted for the entire period of prior  
6 service with that employer without any employee  
7 contribution.

8           If the effective date of participation for the  
9 participating municipality or participating  
10 instrumentality is after January 1, 1998, creditable  
11 service shall be granted for the last 20% of the period of  
12 prior service with that employer, but no more than 5 years,  
13 without any employee contribution. A participating  
14 employee may establish creditable service for the  
15 remainder of the period of prior service with that employer  
16 by making an application in writing, accompanied by payment  
17 of an employee contribution in an amount determined by the  
18 Fund, based on the employee contribution rates in effect at  
19 the time of application for the creditable service and the  
20 employee's salary rate on the effective date of  
21 participation for that employer, plus interest at the  
22 effective rate from the date of the prior service to the  
23 date of payment. Application for this creditable service  
24 may be made at any time while the employee is still in  
25 service.

26           A municipality that (i) has at least 35 employees; (ii)

1 is located in a county with at least 2,000,000 inhabitants;  
2 and (iii) maintains an independent defined benefit pension  
3 plan for the benefit of its eligible employees may restrict  
4 creditable service in whole or in part for periods of prior  
5 service with the employer if the governing body of the  
6 municipality adopts an irrevocable resolution to restrict  
7 that creditable service and files the resolution with the  
8 board before the municipality's effective date of  
9 participation.

10 Any person who has withdrawn from the service of a  
11 participating municipality or participating  
12 instrumentality prior to the effective date, who reenters  
13 the service of the same municipality or participating  
14 instrumentality after the effective date and becomes a  
15 participating employee is entitled to creditable service  
16 for prior service as otherwise provided in this subdivision  
17 (a)(1) only if he or she renders 2 years of service as a  
18 participating employee after the effective date.  
19 Application for such service must be made while in a  
20 participating status. The salary rate to be used in the  
21 calculation of the required employee contribution, if any,  
22 shall be the employee's salary rate at the time of first  
23 reentering service with the employer after the employer's  
24 effective date of participation.

25 2. For current service, each participating employee  
26 shall be credited with:

1           a. Additional credits of amounts equal to each  
2 payment of additional contributions received from him  
3 under Section 7-173, as of the date the corresponding  
4 payment of earnings is payable to him.

5           b. Normal credits of amounts equal to each payment  
6 of normal contributions received from him, as of the  
7 date the corresponding payment of earnings is payable  
8 to him, and normal contributions made for the purpose  
9 of establishing out-of-state service credits as  
10 permitted under the conditions set forth in paragraph 6  
11 of this subsection (a).

12           c. Municipality credits in an amount equal to 1.4  
13 times the normal credits, except those established by  
14 out-of-state service credits, as of the date of  
15 computation of any benefit if these credits would  
16 increase the benefit.

17           d. Survivor credits equal to each payment of  
18 survivor contributions received from the participating  
19 employee as of the date the corresponding payment of  
20 earnings is payable, and survivor contributions made  
21 for the purpose of establishing out-of-state service  
22 credits.

23           3. For periods of temporary and total and permanent  
24 disability benefits, each employee receiving disability  
25 benefits shall be granted creditable service for the period  
26 during which disability benefits are payable. Normal and

1 survivor credits, based upon the rate of earnings applied  
2 for disability benefits, shall also be granted if such  
3 credits would result in a higher benefit to any such  
4 employee or his beneficiary.

5 4. For authorized leave of absence without pay: A  
6 participating employee shall be granted credits and  
7 creditable service for periods of authorized leave of  
8 absence without pay under the following conditions:

9 a. An application for credits and creditable  
10 service is submitted to the board while the employee is  
11 in a status of active employment.

12 b. Not more than 12 complete months of creditable  
13 service for authorized leave of absence without pay  
14 shall be counted for purposes of determining any  
15 benefits payable under this Article.

16 c. Credits and creditable service shall be granted  
17 for leave of absence only if such leave is approved by  
18 the governing body of the municipality, including  
19 approval of the estimated cost thereof to the  
20 municipality as determined by the fund, and employee  
21 contributions, plus interest at the effective rate  
22 applicable for each year from the end of the period of  
23 leave to date of payment, have been paid to the fund in  
24 accordance with Section 7-173. The contributions shall  
25 be computed upon the assumption earnings continued  
26 during the period of leave at the rate in effect when

1           the leave began.

2           d. Benefits under the provisions of Sections  
3           7-141, 7-146, 7-150 and 7-163 shall become payable to  
4           employees on authorized leave of absence, or their  
5           designated beneficiary, only if such leave of absence  
6           is creditable hereunder, and if the employee has at  
7           least one year of creditable service other than the  
8           service granted for leave of absence. Any employee  
9           contributions due may be deducted from any benefits  
10          payable.

11          e. No credits or creditable service shall be  
12          allowed for leave of absence without pay during any  
13          period of prior service.

14          5. For military service: The governing body of a  
15          municipality or participating instrumentality may elect to  
16          allow creditable service to participating employees who  
17          leave their employment to serve in the armed forces of the  
18          United States for all periods of such service, provided  
19          that the person returns to active employment within 90 days  
20          after completion of full time active duty, but no  
21          creditable service shall be allowed such person for any  
22          period that can be used in the computation of a pension or  
23          any other pay or benefit, other than pay for active duty,  
24          for service in any branch of the armed forces of the United  
25          States. If necessary to the computation of any benefit, the  
26          board shall establish municipality credits for



1 participating employees under this paragraph on the  
2 assumption that the employee received earnings at the rate  
3 received at the time he left the employment to enter the  
4 armed forces. A participating employee in the armed forces  
5 shall not be considered an employee during such period of  
6 service and no additional death and no disability benefits  
7 are payable for death or disability during such period.

8 Any participating employee who left his employment  
9 with a municipality or participating instrumentality to  
10 serve in the armed forces of the United States and who  
11 again became a participating employee within 90 days after  
12 completion of full time active duty by entering the service  
13 of a different municipality or participating  
14 instrumentality, which has elected to allow creditable  
15 service for periods of military service under the preceding  
16 paragraph, shall also be allowed creditable service for his  
17 period of military service on the same terms that would  
18 apply if he had been employed, before entering military  
19 service, by the municipality or instrumentality which  
20 employed him after he left the military service and the  
21 employer costs arising in relation to such grant of  
22 creditable service shall be charged to and paid by that  
23 municipality or instrumentality.

24 Notwithstanding the foregoing, any participating  
25 employee shall be entitled to creditable service as  
26 required by any federal law relating to re-employment

1 rights of persons who served in the United States Armed  
2 Services. Such creditable service shall be granted upon  
3 payment by the member of an amount equal to the employee  
4 contributions which would have been required had the  
5 employee continued in service at the same rate of earnings  
6 during the military leave period, plus interest at the  
7 effective rate.

8 5.1. In addition to any creditable service established  
9 under paragraph 5 of this subsection (a), creditable  
10 service may be granted for up to 48 months of service in  
11 the armed forces of the United States.

12 In order to receive creditable service for military  
13 service under this paragraph 5.1, a participating employee  
14 must (1) apply to the Fund in writing and provide evidence  
15 of the military service that is satisfactory to the Board;  
16 (2) obtain the written approval of the current employer;  
17 and (3) make contributions to the Fund equal to (i) the  
18 employee contributions that would have been required had  
19 the service been rendered as a member, plus (ii) an amount  
20 determined by the board to be equal to the employer's  
21 normal cost of the benefits accrued for that military  
22 service, plus (iii) interest on items (i) and (ii) from the  
23 date of first membership in the Fund to the date of  
24 payment. The required interest shall be calculated at the  
25 regular interest rate.

26 The changes made to this paragraph 5.1 by Public Acts

1 95-483 and 95-486 apply only to participating employees in  
2 service on or after August 28, 2007 (the effective date of  
3 those Public Acts).

4 6. For out-of-state service: Creditable service shall  
5 be granted for service rendered to an out-of-state local  
6 governmental body under the following conditions: The  
7 employee had participated and has irrevocably forfeited  
8 all rights to benefits in the out-of-state public employees  
9 pension system; the governing body of his participating  
10 municipality or instrumentality authorizes the employee to  
11 establish such service; the employee has 2 years current  
12 service with this municipality or participating  
13 instrumentality; the employee makes a payment of  
14 contributions, which shall be computed at 8% (normal) plus  
15 2% (survivor) times length of service purchased times the  
16 average rate of earnings for the first 2 years of service  
17 with the municipality or participating instrumentality  
18 whose governing body authorizes the service established  
19 plus interest at the effective rate on the date such  
20 credits are established, payable from the date the employee  
21 completes the required 2 years of current service to date  
22 of payment. In no case shall more than 120 months of  
23 creditable service be granted under this provision.

24 7. For retroactive service: Any employee who could have  
25 but did not elect to become a participating employee, or  
26 who should have been a participant in the Municipal Public

1 Utilities Annuity and Benefit Fund before that fund was  
2 superseded, may receive creditable service for the period  
3 of service not to exceed 50 months; however, a current or  
4 former elected or appointed official of a participating  
5 municipality may establish credit under this paragraph 7  
6 for more than 50 months of service as an official of that  
7 municipality, if the excess over 50 months is approved by  
8 resolution of the governing body of the affected  
9 municipality filed with the Fund before January 1, 2002.

10 Any employee who is a participating employee on or  
11 after September 24, 1981 and who was excluded from  
12 participation by the age restrictions removed by Public Act  
13 82-596 may receive creditable service for the period, on or  
14 after January 1, 1979, excluded by the age restriction and,  
15 in addition, if the governing body of the participating  
16 municipality or participating instrumentality elects to  
17 allow creditable service for all employees excluded by the  
18 age restriction prior to January 1, 1979, for service  
19 during the period prior to that date excluded by the age  
20 restriction. Any employee who was excluded from  
21 participation by the age restriction removed by Public Act  
22 82-596 and who is not a participating employee on or after  
23 September 24, 1981 may receive creditable service for  
24 service after January 1, 1979. Creditable service under  
25 this paragraph shall be granted upon payment of the  
26 employee contributions which would have been required had

1 he participated, with interest at the effective rate for  
2 each year from the end of the period of service established  
3 to date of payment.

4 8. For accumulated unused sick leave: A participating  
5 employee who first becomes a participating employee before  
6 the effective date of this amendatory Act of the 98th  
7 General Assembly and who is applying for a retirement  
8 annuity shall be entitled to creditable service for that  
9 portion of the employee's accumulated unused sick leave for  
10 which payment is not received, as follows:

11 a. Sick leave days shall be limited to those  
12 accumulated under a sick leave plan established by a  
13 participating municipality or participating  
14 instrumentality which is available to all employees or  
15 a class of employees.

16 b. Except as provided in item b-1, only sick leave  
17 days accumulated with a participating municipality or  
18 participating instrumentality with which the employee  
19 was in service within 60 days of the effective date of  
20 his retirement annuity shall be credited; If the  
21 employee was in service with more than one employer  
22 during this period only the sick leave days with the  
23 employer with which the employee has the greatest  
24 number of unpaid sick leave days shall be considered.

25 b-1. If the employee was in the service of more  
26 than one employer as defined in item (2) of paragraph

1 (a) of subsection (A) of Section 7-132, then the sick  
2 leave days from all such employers shall be credited,  
3 as long as the creditable service attributed to those  
4 sick leave days does not exceed the limitation in item  
5 f of this paragraph 8. In calculating the creditable  
6 service under this item b-1, the sick leave days from  
7 the last employer shall be considered first, then the  
8 remaining sick leave days shall be considered until  
9 there are no more days or the maximum creditable sick  
10 leave threshold under item f of this paragraph 8 has  
11 been reached.

12 c. The creditable service granted shall be  
13 considered solely for the purpose of computing the  
14 amount of the retirement annuity and shall not be used  
15 to establish any minimum service period required by any  
16 provision of the Illinois Pension Code, the effective  
17 date of the retirement annuity, or the final rate of  
18 earnings.

19 d. The creditable service shall be at the rate of  
20 1/20 of a month for each full sick day, provided that  
21 no more than 12 months may be credited under this  
22 subdivision 8.

23 e. Employee contributions shall not be required  
24 for creditable service under this subdivision 8.

25 f. Each participating municipality and  
26 participating instrumentality with which an employee

1           has service within 60 days of the effective date of his  
2           retirement annuity shall certify to the board the  
3           number of accumulated unpaid sick leave days credited  
4           to the employee at the time of termination of service.

5           9. For service transferred from another system:  
6           Credits and creditable service shall be granted for service  
7           under Article 4, 5, 8, 14, or 16 of this Act, to any active  
8           member of this Fund, and to any inactive member who has  
9           been a county sheriff, upon transfer of such credits  
10          pursuant to Section 4-108.3, 5-235, 8-226.7, 14-105.6, or  
11          16-131.4, and payment by the member of the amount by which  
12          (1) the employer and employee contributions that would have  
13          been required if he had participated in this Fund as a  
14          sheriff's law enforcement employee during the period for  
15          which credit is being transferred, plus interest thereon at  
16          the effective rate for each year, compounded annually, from  
17          the date of termination of the service for which credit is  
18          being transferred to the date of payment, exceeds (2) the  
19          amount actually transferred to the Fund. Such transferred  
20          service shall be deemed to be service as a sheriff's law  
21          enforcement employee for the purposes of Section 7-142.1.

22          10. For service transferred from an Article 3 system  
23          under Section 3-110.8: Credits and creditable service  
24          shall be granted for service under Article 3 of this Act as  
25          provided in Section 3-110.8, to any active member of this  
26          Fund upon transfer of such credits pursuant to Section

1 3-110.8. If the amount by which (1) the employer and  
2 employee contributions that would have been required if he  
3 had participated in this Fund during the period for which  
4 credit is being transferred, plus interest thereon at the  
5 effective rate for each year, compounded annually, from the  
6 date of termination of the service for which credit is  
7 being transferred to the date of payment, exceeds (2) the  
8 amount actually transferred to the Fund, then the amount of  
9 creditable service established under this paragraph 10  
10 shall be reduced by a corresponding amount in accordance  
11 with the rules and procedures established under this  
12 paragraph 10.

13 The board shall establish by rule the manner of making  
14 the calculation required under this paragraph 10, taking  
15 into account the appropriate actuarial assumptions; the  
16 member's service, age, and salary history; the level of  
17 funding of the employer; and any other factors that the  
18 board determines to be relevant.

19 Until January 1, 2010, members who transferred service  
20 from an Article 3 system under the provisions of Public Act  
21 94-356 may establish additional credit in this Fund, but  
22 only up to the amount of the service credit reduction in  
23 that transfer, as calculated under the actuarial  
24 assumptions. This credit may be established upon payment by  
25 the member of an amount to be determined by the board,  
26 equal to (1) the amount that would have been contributed as



1 employee and employer contributions had all the service  
2 been as an employee under this Article, plus interest  
3 thereon compounded annually from the date of service to the  
4 date of transfer, less (2) the total amount transferred  
5 from the Article 3 system, plus (3) interest on the  
6 difference at the effective rate for each year, compounded  
7 annually, from the date of the transfer to the date of  
8 payment. The additional service credit is allowed under  
9 this amendatory Act of the 95th General Assembly  
10 notwithstanding the provisions of Article 3 terminating  
11 all transferred credits on the date of transfer.

12 11. For service transferred from an Article 3 system  
13 under Section 3-110.3: Credits and creditable service  
14 shall be granted for service under Article 3 of this Act as  
15 provided in Section 3-110.3, to any active member of this  
16 Fund, upon transfer of such credits pursuant to Section  
17 3-110.3. If the board determines that the amount  
18 transferred is less than the true cost to the Fund of  
19 allowing that creditable service to be established, then in  
20 order to establish that creditable service, the member must  
21 pay to the Fund an additional contribution equal to the  
22 difference, as determined by the board in accordance with  
23 the rules and procedures adopted under this paragraph. If  
24 the member does not make the full additional payment as  
25 required by this paragraph prior to termination of his  
26 participation with that employer, then his or her

1       creditable service shall be reduced by an amount equal to  
2       the difference between the amount transferred under  
3       Section 3-110.3, including any payments made by the member  
4       under this paragraph prior to termination, and the true  
5       cost to the Fund of allowing that creditable service to be  
6       established, as determined by the board in accordance with  
7       the rules and procedures adopted under this paragraph.

8       The board shall establish by rule the manner of making  
9       the calculation required under this paragraph 11, taking  
10      into account the appropriate actuarial assumptions; the  
11      member's service, age, and salary history, and any other  
12      factors that the board determines to be relevant.

13      (b) Creditable service - amount:

14           1. One month of creditable service shall be allowed for  
15      each month for which a participating employee made  
16      contributions as required under Section 7-173, or for which  
17      creditable service is otherwise granted hereunder. Not  
18      more than 1 month of service shall be credited and counted  
19      for 1 calendar month, and not more than 1 year of service  
20      shall be credited and counted for any calendar year. A  
21      calendar month means a nominal month beginning on the first  
22      day thereof, and a calendar year means a year beginning  
23      January 1 and ending December 31.

24           2. A seasonal employee shall be given 12 months of  
25      creditable service if he renders the number of months of  
26      service normally required by the position in a 12-month

1 period and he remains in service for the entire 12-month  
2 period. Otherwise a fractional year of service in the  
3 number of months of service rendered shall be credited.

4 3. An intermittent employee shall be given creditable  
5 service for only those months in which a contribution is  
6 made under Section 7-173.

7 (c) No application for correction of credits or creditable  
8 service shall be considered unless the board receives an  
9 application for correction while (1) the applicant is a  
10 participating employee and in active employment with a  
11 participating municipality or instrumentality, or (2) while  
12 the applicant is actively participating in a pension fund or  
13 retirement system which is a participating system under the  
14 Retirement Systems Reciprocal Act. A participating employee or  
15 other applicant shall not be entitled to credits or creditable  
16 service unless the required employee contributions are made in  
17 a lump sum or in installments made in accordance with board  
18 rule.

19 (d) Upon the granting of a retirement, surviving spouse or  
20 child annuity, a death benefit or a separation benefit, on  
21 account of any employee, all individual accumulated credits  
22 shall thereupon terminate. Upon the withdrawal of additional  
23 contributions, the credits applicable thereto shall thereupon  
24 terminate. Terminated credits shall not be applied to increase  
25 the benefits any remaining employee would otherwise receive  
26 under this Article.

1 (Source: P.A. 97-415, eff. 8-16-11; 98-439, eff. 8-16-13.)

2 (40 ILCS 5/9-219) (from Ch. 108 1/2, par. 9-219)

3 Sec. 9-219. Computation of service.

4 (1) In computing the term of service of an employee prior  
5 to the effective date, the entire period beginning on the date  
6 he was first appointed and ending on the day before the  
7 effective date, except any intervening period during which he  
8 was separated by withdrawal from service, shall be counted for  
9 all purposes of this Article.

10 (2) In computing the term of service of any employee on or  
11 after the effective date, the following periods of time shall  
12 be counted as periods of service for age and service, widow's  
13 and child's annuity purposes:

14 (a) The time during which he performed the duties of  
15 his position.

16 (b) Vacations, leaves of absence with whole or part  
17 pay, and leaves of absence without pay not longer than 90  
18 days.

19 (c) For an employee who is a member of a county police  
20 department or a correctional officer with the county  
21 department of corrections, approved leaves of absence  
22 without pay during which the employee serves as a full-time  
23 officer or employee of an employee association, the  
24 membership of which consists of other participants in the  
25 Fund, provided that the employee contributes to the Fund

1 (1) the amount that he would have contributed had he  
2 remained an active employee in the position he occupied at  
3 the time the leave of absence was granted, (2) an amount  
4 calculated by the Board representing employer  
5 contributions, and (3) regular interest thereon from the  
6 date of service to the date of payment. However, if the  
7 employee's application to establish credit under this  
8 subsection is received by the Fund on or after July 1, 2002  
9 and before July 1, 2003, the amount representing employer  
10 contributions specified in item (2) shall be waived.

11 For a former member of a county police department who  
12 has received a refund under Section 9-164, periods during  
13 which the employee serves as head of an employee  
14 association, the membership of which consists of other  
15 police officers, provided that the employee contributes to  
16 the Fund (1) the amount that he would have contributed had  
17 he remained an active member of the county police  
18 department in the position he occupied at the time he left  
19 service, (2) an amount calculated by the Board representing  
20 employer contributions, and (3) regular interest thereon  
21 from the date of service to the date of payment. However,  
22 if the former member of the county police department  
23 retires on or after January 1, 1993 but no later than March  
24 1, 1993, the amount representing employer contributions  
25 specified in item (2) shall be waived.

26 For leaves of absence to which this item (c) applies

1 and for other periods to which this item (c) applies,  
2 including those leaves of absence and other periods of  
3 service beginning before January 5, 2012 (the effective  
4 date of Public Act 97-651) ~~this amendatory Act of the 97th~~  
5 ~~General Assembly~~, the employee or former member must  
6 continue to remain in sworn status, subject to the  
7 professional standards of the public employer or those  
8 terms established in statute.

9 (d) Any period of disability for which he received  
10 disability benefit or whole or part pay.

11 (e) For a person who first becomes an employee before  
12 the effective date of this amendatory Act of the 98th  
13 General Assembly, accumulated ~~Accumulated~~ vacation or  
14 other time for which an employee who retires on or after  
15 November 1, 1990 receives a lump sum payment at the time of  
16 retirement, provided that contributions were made to the  
17 fund at the time such lump sum payment was received. The  
18 service granted for the lump sum payment shall not change  
19 the employee's date of withdrawal for computing the  
20 effective date of the annuity.

21 (f) An employee who first becomes an employee before  
22 the effective date of this amendatory Act of the 98th  
23 General Assembly may receive service credit for annuity  
24 purposes for accumulated sick leave as of the date of the  
25 employee's withdrawal from service, not to exceed a total  
26 of 180 days, provided that the amount of such accumulated

1 sick leave is certified by the County Comptroller to the  
2 Board and the employee pays an amount equal to 8.5% (9% for  
3 members of the County Police Department who are eligible to  
4 receive an annuity under Section 9-128.1) of the amount  
5 that would have been paid had such accumulated sick leave  
6 been paid at the employee's final rate of salary. Such  
7 payment shall be made within 30 days after the date of  
8 withdrawal and prior to receipt of the first annuity check.  
9 The service credit granted for such accumulated sick leave  
10 shall not change the employee's date of withdrawal for the  
11 purpose of computing the effective date of the annuity.

12 (3) In computing the term of service of an employee on or  
13 after the effective date for ordinary disability benefit  
14 purposes, the following periods of time shall be counted as  
15 periods of service:

16 (a) Unless otherwise specified in Section 9-157, the  
17 time during which he performed the duties of his position.

18 (b) Paid vacations and leaves of absence with whole or  
19 part pay.

20 (c) Any period for which he received duty disability  
21 benefit.

22 (d) Any period of disability for which he received  
23 whole or part pay.

24 (4) For an employee who on January 1, 1958, was transferred  
25 by Act of the 70th General Assembly from his position in a  
26 department of welfare of any city located in the county in

1 which this Article is in force and effect to a similar position  
2 in a department of such county, service shall also be credited  
3 for ordinary disability benefit and child's annuity for such  
4 period of department of welfare service during which period he  
5 was a contributor to a statutory annuity and benefit fund in  
6 such city and for which purposes service credit would otherwise  
7 not be credited by virtue of such involuntary transfer.

8 (5) An employee described in subsection (e) of Section  
9 9-108 shall receive credit for child's annuity and ordinary  
10 disability benefit for the period of time for which he was  
11 credited with service in the fund from which he was  
12 involuntarily separated through class or group transfer;  
13 provided, that no such credit shall be allowed to the extent  
14 that it results in a duplication of credits or benefits, and  
15 neither shall such credit be allowed to the extent that it was  
16 or may be forfeited by the application for and acceptance of a  
17 refund from the fund from which the employee was transferred.

18 (6) Overtime or extra service shall not be included in  
19 computing service. Not more than 1 year of service shall be  
20 allowed for service rendered during any calendar year.

21 (7) Unused sick or vacation time shall not be used to  
22 compute the service of an employee who first becomes an  
23 employee on or after the effective date of this amendatory Act  
24 of the 98th General Assembly.

25 (Source: P.A. 97-651, eff. 1-5-12.)



1 (40 ILCS 5/9-220) (from Ch. 108 1/2, par. 9-220)

2 Sec. 9-220. Basis of service credit.

3 (a) In computing the period of service of any employee for  
4 annuity purposes under Section 9-134, the following provisions  
5 shall govern:

6 (1) All periods prior to the effective date shall be  
7 computed in accordance with the provisions governing the  
8 computation of such service.

9 (2) Service on or after the effective date shall  
10 include:

11 (i) The actual period of time the employee  
12 contributes or has contributed to the fund for service  
13 rendered to age 65 plus the actual period of time after  
14 age 65 for which the employee performs the duties of  
15 his position or performs such duties and is given a  
16 county contribution for age and service annuity or  
17 minimum annuity purposes.

18 (ii) Leaves of absence from duty, or vacation, for  
19 which an employee receives all or part of his salary.

20 (iii) For a person who first becomes an employee  
21 before the effective date of this amendatory Act of the  
22 98th General Assembly, accumulated ~~Accumulated~~  
23 vacation or other time for which an employee who  
24 retires on or after November 1, 1990 receives a lump  
25 sum payment at the time of retirement, provided that  
26 contributions were made to the fund at the time such

1 lump sum payment was received. The service granted for  
2 the lump sum payment shall not change the employee's  
3 date of withdrawal for computing the effective date of  
4 the annuity.

5 (iv) For a person who first becomes an employee  
6 before the effective date of this amendatory Act of the  
7 98th General Assembly, accumulated ~~Accumulated~~ sick  
8 leave as of the date of the employee's withdrawal from  
9 service, not to exceed a total of 180 days, provided  
10 that the amount of such accumulated sick leave is  
11 certified by the County Comptroller to the Board and  
12 the employee pays an amount equal to 8.5% (9% for  
13 members of the County Police Department who are  
14 eligible to receive an annuity under Section 9-128.1)  
15 of the amount that would have been paid had such  
16 accumulated sick leave been paid at the employee's  
17 final rate of salary. Such payment shall be made within  
18 30 days after the date of withdrawal and prior to  
19 receipt of the first annuity check. The service credit  
20 granted for such accumulated sick leave shall not  
21 change the employee's date of withdrawal for the  
22 purpose of computing the effective date of the annuity.

23 (v) Periods during which the employee has had  
24 contributions for annuity purposes made for him in  
25 accordance with law while on military leave of absence  
26 during World War II.

1 (vi) Periods during which the employee receives a  
2 disability benefit under this Article.

3 (vii) For any person who first becomes a member on  
4 or after January 1, 2011, the actual period of time the  
5 employee contributes or has contributed to the fund for  
6 service rendered up to the limitation on salary in  
7 subsection (b-5) of Section 1-160 plus the actual  
8 period of time thereafter for which the employee  
9 performs the duties of his position and ceased  
10 contributing due to the salary limitation in  
11 subsection (b-5) of Section 1-160.

12 (3) The right to have certain periods of time  
13 considered as service as stated in paragraph (2) of Section  
14 9-164 shall not apply for annuity purposes unless the  
15 refunds shall have been repaid in accordance with this  
16 Article.

17 (4) All service shall be computed in whole calendar  
18 months, and at least 15 days of service in any one calendar  
19 month shall constitute one calendar month of service, and 1  
20 year of service shall be equal to the number of months,  
21 days or hours for which an appropriation was made in the  
22 annual appropriation ordinance for the position held by the  
23 employee.

24 (5) Unused sick or vacation time shall not be used to  
25 compute the service of an employee who first becomes an  
26 employee on or after the effective date of this amendatory

1           Act of the 98th General Assembly.

2           (b) For all other annuity purposes of this Article the  
3 following schedule shall govern the computation of a year of  
4 service of an employee whose salary or wages is on the basis  
5 stated, and any fractional part of a year of service shall be  
6 determined according to said schedule:

7           Annual or Monthly Basis: Service during 4 months in any 1  
8 calendar year;

9           Weekly Basis: Service during any 17 weeks of any 1 calendar  
10 year, and service during any week shall constitute a week of  
11 service;

12           Daily Basis: Service during 100 days in any 1 calendar  
13 year, and service during any day shall constitute a day of  
14 service;

15           Hourly Basis: Service during 800 hours in any 1 calendar  
16 year, and service during any hour shall constitute an hour of  
17 service.

18           (Source: P.A. 96-1490, eff. 1-1-11.)

19           (40 ILCS 5/14-103.10) (from Ch. 108 1/2, par. 14-103.10)  
20           Sec. 14-103.10. Compensation.

21           (a) For periods of service prior to January 1, 1978, the  
22 full rate of salary or wages payable to an employee for  
23 personal services performed if he worked the full normal  
24 working period for his position, subject to the following  
25 maximum amounts: (1) prior to July 1, 1951, \$400 per month or

1 \$4,800 per year; (2) between July 1, 1951 and June 30, 1957  
2 inclusive, \$625 per month or \$7,500 per year; (3) beginning  
3 July 1, 1957, no limitation.

4 In the case of service of an employee in a position  
5 involving part-time employment, compensation shall be  
6 determined according to the employees' earnings record.

7 (b) For periods of service on and after January 1, 1978,  
8 all remuneration for personal services performed defined as  
9 "wages" under the Social Security Enabling Act, including that  
10 part of such remuneration which is in excess of any maximum  
11 limitation provided in such Act, and including any benefits  
12 received by an employee under a sick pay plan in effect before  
13 January 1, 1981, but excluding lump sum salary payments:

- 14 (1) for vacation,
- 15 (2) for accumulated unused sick leave,
- 16 (3) upon discharge or dismissal,
- 17 (4) for approved holidays.

18 (c) For periods of service on or after December 16, 1978,  
19 compensation also includes any benefits, other than lump sum  
20 salary payments made at termination of employment, which an  
21 employee receives or is eligible to receive under a sick pay  
22 plan authorized by law.

23 (d) For periods of service after September 30, 1985,  
24 compensation also includes any remuneration for personal  
25 services not included as "wages" under the Social Security  
26 Enabling Act, which is deducted for purposes of participation

1 in a program established pursuant to Section 125 of the  
2 Internal Revenue Code or its successor laws.

3 (e) For members for which Section 1-160 applies for periods  
4 of service on and after January 1, 2011, all remuneration for  
5 personal services performed defined as "wages" under the Social  
6 Security Enabling Act, excluding remuneration that is in excess  
7 of the annual earnings, salary, or wages of a member or  
8 participant, as provided in subsection (b-5) of Section 1-160,  
9 but including any benefits received by an employee under a sick  
10 pay plan in effect before January 1, 1981. Compensation shall  
11 exclude lump sum salary payments:

- 12 (1) for vacation;
- 13 (2) for accumulated unused sick leave;
- 14 (3) upon discharge or dismissal; and
- 15 (4) for approved holidays.

16 (f) Notwithstanding the other provisions of this Section,  
17 for service on or after July 1, 2013, "compensation" does not  
18 include any stipend payable to an employee for service on a  
19 board or commission.

20 (g) Notwithstanding any other provision of this Section,  
21 for an employee who first becomes a participant on or after the  
22 effective date of this amendatory Act of the 98th General  
23 Assembly, "compensation" does not include any payments or  
24 reimbursements for travel vouchers submitted more than 30 days  
25 after the last day of travel for which the voucher is  
26 submitted.

1       (h) Notwithstanding any other provision of this Code, the  
2 annual compensation of a Tier 1 member for the purposes of this  
3 Code shall not exceed, for periods of service on or after the  
4 effective date of this amendatory Act of the 98th General  
5 Assembly, the greater of (i) the annual limitation determined  
6 from time to time under subsection (b-5) of Section 1-160 of  
7 this Code, (ii) the annualized compensation of the Tier 1  
8 member as of that effective date, or (iii) the annualized  
9 compensation of the Tier 1 member immediately preceding the  
10 expiration, renewal, or amendment of an employment contract or  
11 collective bargaining agreement in effect on that effective  
12 date.

13       (Source: P.A. 98-449, eff. 8-16-13.)

14       (40 ILCS 5/14-103.40 new)

15       Sec. 14-103.40. Tier 1 member. "Tier 1 member": A member  
16 of this System who first became a member or participant before  
17 January 1, 2011 under any reciprocal retirement system or  
18 pension fund established under this Code other than a  
19 retirement system or pension fund established under Article 2,  
20 3, 4, 5, 6, or 18 of this Code.

21       (40 ILCS 5/14-104.3) (from Ch. 108 1/2, par. 14-104.3)

22       Sec. 14-104.3. Notwithstanding provisions contained in  
23 Section 14-103.10, any person who first becomes a member before  
24 the effective date of this amendatory Act of the 98th General

1 Assembly and who at the time of retirement and after December  
2 6, 1983 receives compensation in a lump sum for accumulated  
3 vacation, sickness, or personal business may receive service  
4 credit for such periods by making contributions within 90 days  
5 of withdrawal, based on the rate of compensation in effect  
6 immediately prior to retirement and the contribution rate then  
7 in effect. Any person who first becomes a member on or after  
8 the effective date of this amendatory Act of the 98th General  
9 Assembly and who receives compensation in a lump sum for  
10 accumulated vacation, sickness, or personal business may not  
11 receive service credit for such periods. Exercising the option  
12 provided in this Section shall not change a member's date of  
13 withdrawal or final average compensation for purposes of  
14 computing the amount or effective date of a retirement annuity.  
15 Any annuitant who establishes service credit as herein provided  
16 shall have his retirement annuity adjusted retroactively to the  
17 date of retirement.

18 (Source: P.A. 83-1362.)

19 (40 ILCS 5/14-106) (from Ch. 108 1/2, par. 14-106)

20 Sec. 14-106. Membership service credit.

21 (a) After January 1, 1944, all service of a member since he  
22 last became a member with respect to which contributions are  
23 made shall count as membership service; provided, that for  
24 service on and after July 1, 1950, 12 months of service shall  
25 constitute a year of membership service, the completion of 15



1 days or more of service during any month shall constitute 1  
2 month of membership service, 8 to 15 days shall constitute 1/2  
3 month of membership service and less than 8 days shall  
4 constitute 1/4 month of membership service. The payroll record  
5 of each department shall constitute conclusive evidence of the  
6 record of service rendered by a member.

7 (b) For a member who is employed and paid on an  
8 academic-year basis rather than on a 12-month annual basis,  
9 employment for a full academic year shall constitute a full  
10 year of membership service, except that the member shall not  
11 receive more than one year of membership service credit (plus  
12 any additional service credit granted for unused sick leave)  
13 for service during any 12-month period. This subsection (b)  
14 applies to all such service for which the member has not begun  
15 to receive a retirement annuity before January 1, 2001.

16 (c) A person who first becomes a member before the  
17 effective date of this amendatory Act of the 98th General  
18 Assembly shall be entitled to additional service credit, under  
19 rules prescribed by the Board, for accumulated unused sick  
20 leave credited to his account in the last Department on the  
21 date of withdrawal from service or for any period for which he  
22 would have been eligible to receive benefits under a sick pay  
23 plan authorized by law, if he had suffered a sickness or  
24 accident on the date of withdrawal from service. It shall be  
25 the responsibility of the last Department to certify to the  
26 Board the length of time salary or benefits would have been

1 paid to the member based upon the accumulated unused sick leave  
2 or the applicable sick pay plan if he had become entitled  
3 thereto because of sickness on the date that his status as an  
4 employee terminated. This period of service credit granted  
5 under this paragraph shall not be considered in determining the  
6 date the retirement annuity is to begin, or final average  
7 compensation.

8 (d) A person who first becomes a member on or after the  
9 effective date of this amendatory Act of the 98th General  
10 Assembly shall not be entitled to additional service credit for  
11 accumulated unused sick leave.

12 (Source: P.A. 92-14, eff. 6-28-01.)

13 (40 ILCS 5/14-107) (from Ch. 108 1/2, par. 14-107)  
14 Sec. 14-107. Retirement annuity - service and age -  
15 conditions.

16 (a) A member is entitled to a retirement annuity after  
17 having at least 8 years of creditable service.

18 (b) A member who has at least 35 years of creditable  
19 service may claim his or her retirement annuity at any age. A  
20 member having at least 8 years of creditable service but less  
21 than 35 may claim his or her retirement annuity upon or after  
22 attainment of age 60 or, beginning January 1, 2001, any lesser  
23 age which, when added to the number of years of his or her  
24 creditable service, equals at least 85. A member upon or after  
25 attainment of age 55 having at least 25 years of creditable

1 service (30 years if retirement is before January 1, 2001) may  
2 elect to receive the lower retirement annuity provided in  
3 paragraph (c) of Section 14-108 of this Code. For purposes of  
4 the rule of 85, portions of years shall be counted in whole  
5 months.

6 (c) Notwithstanding subsection (b) of this Section, for a  
7 Tier 1 member who begins receiving a retirement annuity under  
8 this Section on or after July 1, 2014, the required retirement  
9 age under subsection (b) is increased as follows, based on the  
10 Tier 1 member's age on June 1, 2014:

11 (1) If he or she is at least age 46 on June 1, 2014,  
12 then the required retirement ages under subsection (b)  
13 remain unchanged.

14 (2) If he or she is at least age 45 but less than age 46  
15 on June 1, 2014, then the required retirement ages under  
16 subsection (b) are increased by 4 months.

17 (3) If he or she is at least age 44 but less than age 45  
18 on June 1, 2014, then the required retirement ages under  
19 subsection (b) are increased by 8 months.

20 (4) If he or she is at least age 43 but less than age 44  
21 on June 1, 2014, then the required retirement ages under  
22 subsection (b) are increased by 12 months.

23 (5) If he or she is at least age 42 but less than age 43  
24 on June 1, 2014, then the required retirement ages under  
25 subsection (b) are increased by 16 months.

26 (6) If he or she is at least age 41 but less than age 42

1 on June 1, 2014, then the required retirement ages under  
2 subsection (b) are increased by 20 months.

3 (7) If he or she is at least age 40 but less than age 41  
4 on June 1, 2014, then the required retirement ages under  
5 subsection (b) are increased by 24 months.

6 (8) If he or she is at least age 39 but less than age 40  
7 on June 1, 2014, then the required retirement ages under  
8 subsection (b) are increased by 28 months.

9 (9) If he or she is at least age 38 but less than age 39  
10 on June 1, 2014, then the required retirement ages under  
11 subsection (b) are increased by 32 months.

12 (10) If he or she is at least age 37 but less than age  
13 38 on June 1, 2014, then the required retirement ages under  
14 subsection (b) are increased by 36 months.

15 (11) If he or she is at least age 36 but less than age  
16 37 on June 1, 2014, then the required retirement ages under  
17 subsection (b) are increased by 40 months.

18 (12) If he or she is at least age 35 but less than age  
19 36 on June 1, 2014, then the required retirement ages under  
20 subsection (b) are increased by 44 months.

21 (13) If he or she is at least age 34 but less than age  
22 35 on June 1, 2014, then the required retirement ages under  
23 subsection (b) are increased by 48 months.

24 (14) If he or she is at least age 33 but less than age  
25 34 on June 1, 2014, then the required retirement ages under  
26 subsection (b) are increased by 52 months.

1           (15) If he or she is at least age 32 but less than age  
2           33 on June 1, 2014, then the required retirement ages under  
3           subsection (b) are increased by 56 months.

4           (16) If he or she is less than age 32 on June 1, 2014,  
5           then the required retirement ages under subsection (b) are  
6           increased by 60 months.

7           Notwithstanding Section 1-103.1, this subsection (c)  
8           applies without regard to whether or not the Tier 1 member is  
9           in active service under this Article on or after the effective  
10          date of this amendatory Act of the 98th General Assembly.

11          (d) The allowance shall begin with the first full calendar  
12 month specified in the member's application therefor, the first  
13 day of which shall not be before the date of withdrawal as  
14 approved by the board. Regardless of the date of withdrawal,  
15 the allowance need not begin within one year of application  
16 therefor.

17          (Source: P.A. 91-927, eff. 12-14-00.)

18          (40 ILCS 5/14-108) (from Ch. 108 1/2, par. 14-108)

19          Sec. 14-108. Amount of retirement annuity. A member who  
20 has contributed to the System for at least 12 months shall be  
21 entitled to a prior service annuity for each year of certified  
22 prior service credited to him, except that a member shall  
23 receive 1/3 of the prior service annuity for each year of  
24 service for which contributions have been made and all of such  
25 annuity shall be payable after the member has made

1 contributions for a period of 3 years. Proportionate amounts  
2 shall be payable for service of less than a full year after  
3 completion of at least 12 months.

4 The total period of service to be considered in  
5 establishing the measure of prior service annuity shall include  
6 service credited in the Teachers' Retirement System of the  
7 State of Illinois and the State Universities Retirement System  
8 for which contributions have been made by the member to such  
9 systems; provided that at least 1 year of the total period of 3  
10 years prescribed for the allowance of a full measure of prior  
11 service annuity shall consist of membership service in this  
12 system for which credit has been granted.

13 (a) In the case of a member who retires on or after January  
14 1, 1998 and is a noncovered employee, the retirement annuity  
15 for membership service and prior service shall be 2.2% of final  
16 average compensation for each year of service. Any service  
17 credit established as a covered employee shall be computed as  
18 stated in paragraph (b).

19 (b) In the case of a member who retires on or after January  
20 1, 1998 and is a covered employee, the retirement annuity for  
21 membership service and prior service shall be computed as  
22 stated in paragraph (a) for all service credit established as a  
23 noncovered employee; for service credit established as a  
24 covered employee it shall be 1.67% of final average  
25 compensation for each year of service.

26 (c) For a member retiring after attaining age 55 but before

1 age 60 with at least 30 but less than 35 years of creditable  
2 service if retirement is before January 1, 2001, or with at  
3 least 25 but less than 30 years of creditable service if  
4 retirement is on or after January 1, 2001, the retirement  
5 annuity shall be reduced by 1/2 of 1% for each month that the  
6 member's age is under age 60 at the time of retirement. For  
7 members to whom subsection (c) of Section 14-107 applies, the  
8 references to age 55 and 60 in this subsection (c) are  
9 increased as provided in subsection (c) of Section 14-107.

10 (d) A retirement annuity shall not exceed 75% of final  
11 average compensation, subject to such extension as may result  
12 from the application of Section 14-114 or Section 14-115.

13 (e) The retirement annuity payable to any covered employee  
14 who is a member of the System and in service on January 1,  
15 1969, or in service thereafter in 1969 as a result of  
16 legislation enacted by the Illinois General Assembly  
17 transferring the member to State employment from county  
18 employment in a county Department of Public Aid in counties of  
19 3,000,000 or more population, under a plan of coordination with  
20 the Old Age, Survivors and Disability provisions thereof, if  
21 not fully insured for Old Age Insurance payments under the  
22 Federal Old Age, Survivors and Disability Insurance provisions  
23 at the date of acceptance of a retirement annuity, shall not be  
24 less than the amount for which the member would have been  
25 eligible if coordination were not applicable.

26 (f) The retirement annuity payable to any covered employee

1 who is a member of the System and in service on January 1,  
2 1969, or in service thereafter in 1969 as a result of the  
3 legislation designated in the immediately preceding paragraph,  
4 if fully insured for Old Age Insurance payments under the  
5 Federal Social Security Act at the date of acceptance of a  
6 retirement annuity, shall not be less than an amount which when  
7 added to the Primary Insurance Benefit payable to the member  
8 upon attainment of age 65 under such Federal Act, will equal  
9 the annuity which would otherwise be payable if the coordinated  
10 plan of coverage were not applicable.

11 (g) In the case of a member who is a noncovered employee,  
12 the retirement annuity for membership service as a security  
13 employee of the Department of Corrections or security employee  
14 of the Department of Human Services shall be: if retirement  
15 occurs on or after January 1, 2001, 3% of final average  
16 compensation for each year of creditable service; or if  
17 retirement occurs before January 1, 2001, 1.9% of final average  
18 compensation for each of the first 10 years of service, 2.1%  
19 for each of the next 10 years of service, 2.25% for each year  
20 of service in excess of 20 but not exceeding 30, and 2.5% for  
21 each year in excess of 30; except that the annuity may be  
22 calculated under subsection (a) rather than this subsection (g)  
23 if the resulting annuity is greater.

24 (h) In the case of a member who is a covered employee, the  
25 retirement annuity for membership service as a security  
26 employee of the Department of Corrections or security employee



1 of the Department of Human Services shall be: if retirement  
2 occurs on or after January 1, 2001, 2.5% of final average  
3 compensation for each year of creditable service; if retirement  
4 occurs before January 1, 2001, 1.67% of final average  
5 compensation for each of the first 10 years of service, 1.90%  
6 for each of the next 10 years of service, 2.10% for each year  
7 of service in excess of 20 but not exceeding 30, and 2.30% for  
8 each year in excess of 30.

9 (i) For the purposes of this Section and Section 14-133 of  
10 this Act, the term "security employee of the Department of  
11 Corrections" and the term "security employee of the Department  
12 of Human Services" shall have the meanings ascribed to them in  
13 subsection (c) of Section 14-110.

14 (j) The retirement annuity computed pursuant to paragraphs  
15 (g) or (h) shall be applicable only to those security employees  
16 of the Department of Corrections and security employees of the  
17 Department of Human Services who have at least 20 years of  
18 membership service and who are not eligible for the alternative  
19 retirement annuity provided under Section 14-110. However,  
20 persons transferring to this System under Section 14-108.2 or  
21 14-108.2c who have service credit under Article 16 of this Code  
22 may count such service toward establishing their eligibility  
23 under the 20-year service requirement of this subsection; but  
24 such service may be used only for establishing such  
25 eligibility, and not for the purpose of increasing or  
26 calculating any benefit.

1 (k) (Blank).

2 (l) The changes to this Section made by this amendatory Act  
3 of 1997 (changing certain retirement annuity formulas from a  
4 stepped rate to a flat rate) apply to members who retire on or  
5 after January 1, 1998, without regard to whether employment  
6 terminated before the effective date of this amendatory Act of  
7 1997. An annuity shall not be calculated in steps by using the  
8 new flat rate for some steps and the superseded stepped rate  
9 for other steps of the same type of service.

10 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01.)

11 (40 ILCS 5/14-110) (from Ch. 108 1/2, par. 14-110)  
12 Sec. 14-110. Alternative retirement annuity.

13 (a) Any member who has withdrawn from service with not less  
14 than 20 years of eligible creditable service and has attained  
15 age 55, and any member who has withdrawn from service with not  
16 less than 25 years of eligible creditable service and has  
17 attained age 50, regardless of whether the attainment of either  
18 of the specified ages occurs while the member is still in  
19 service, shall be entitled to receive at the option of the  
20 member, in lieu of the regular or minimum retirement annuity, a  
21 retirement annuity computed as follows:

22 (i) for periods of service as a noncovered employee: if  
23 retirement occurs on or after January 1, 2001, 3% of final  
24 average compensation for each year of creditable service;  
25 if retirement occurs before January 1, 2001, 2 1/4% of

1 final average compensation for each of the first 10 years  
2 of creditable service, 2 1/2% for each year above 10 years  
3 to and including 20 years of creditable service, and 2 3/4%  
4 for each year of creditable service above 20 years; and

5 (ii) for periods of eligible creditable service as a  
6 covered employee: if retirement occurs on or after January  
7 1, 2001, 2.5% of final average compensation for each year  
8 of creditable service; if retirement occurs before January  
9 1, 2001, 1.67% of final average compensation for each of  
10 the first 10 years of such service, 1.90% for each of the  
11 next 10 years of such service, 2.10% for each year of such  
12 service in excess of 20 but not exceeding 30, and 2.30% for  
13 each year in excess of 30.

14 Such annuity shall be subject to a maximum of 75% of final  
15 average compensation if retirement occurs before January 1,  
16 2001 or to a maximum of 80% of final average compensation if  
17 retirement occurs on or after January 1, 2001.

18 These rates shall not be applicable to any service  
19 performed by a member as a covered employee which is not  
20 eligible creditable service. Service as a covered employee  
21 which is not eligible creditable service shall be subject to  
22 the rates and provisions of Section 14-108.

23 (a-5) Notwithstanding subsection (a) of this Section, for a  
24 Tier 1 member who begins receiving a retirement annuity under  
25 this Section on or after July 1, 2014, the required retirement  
26 age under subsection (a) is increased as follows, based on the

1 Tier 1 member's age on June 1, 2014:

2 (1) If he or she is at least age 46 on June 1, 2014,  
3 then the required retirement ages under subsection (a)  
4 remain unchanged.

5 (2) If he or she is at least age 45 but less than age 46  
6 on June 1, 2014, then the required retirement ages under  
7 subsection (a) are increased by 4 months.

8 (3) If he or she is at least age 44 but less than age 45  
9 on June 1, 2014, then the required retirement ages under  
10 subsection (a) are increased by 8 months.

11 (4) If he or she is at least age 43 but less than age 44  
12 on June 1, 2014, then the required retirement ages under  
13 subsection (a) are increased by 12 months.

14 (5) If he or she is at least age 42 but less than age 43  
15 on June 1, 2014, then the required retirement ages under  
16 subsection (a) are increased by 16 months.

17 (6) If he or she is at least age 41 but less than age 42  
18 on June 1, 2014, then the required retirement ages under  
19 subsection (a) are increased by 20 months.

20 (7) If he or she is at least age 40 but less than age 41  
21 on June 1, 2014, then the required retirement ages under  
22 subsection (a) are increased by 24 months.

23 (8) If he or she is at least age 39 but less than age 40  
24 on June 1, 2014, then the required retirement ages under  
25 subsection (a) are increased by 28 months.

26 (9) If he or she is at least age 38 but less than age 39

1 on June 1, 2014, then the required retirement ages under  
2 subsection (a) are increased by 32 months.

3 (10) If he or she is at least age 37 but less than age  
4 38 on June 1, 2014, then the required retirement ages under  
5 subsection (a) are increased by 36 months.

6 (11) If he or she is at least age 36 but less than age  
7 37 on June 1, 2014, then the required retirement ages under  
8 subsection (a) are increased by 40 months.

9 (12) If he or she is at least age 35 but less than age  
10 36 on June 1, 2014, then the required retirement ages under  
11 subsection (a) are increased by 44 months.

12 (13) If he or she is at least age 34 but less than age  
13 35 on June 1, 2014, then the required retirement ages under  
14 subsection (a) are increased by 48 months.

15 (14) If he or she is at least age 33 but less than age  
16 34 on June 1, 2014, then the required retirement ages under  
17 subsection (a) are increased by 52 months.

18 (15) If he or she is at least age 32 but less than age  
19 33 on June 1, 2014, then the required retirement ages under  
20 subsection (a) are increased by 56 months.

21 (16) If he or she is less than age 32 on June 1, 2014,  
22 then the required retirement ages under subsection (a) are  
23 increased by 60 months.

24 Notwithstanding Section 1-103.1, this subsection (a-5)  
25 applies without regard to whether or not the Tier 1 member is  
26 in active service under this Article on or after the effective

1 date of this amendatory Act of the 98th General Assembly.

2 (b) For the purpose of this Section, "eligible creditable  
3 service" means creditable service resulting from service in one  
4 or more of the following positions:

5 (1) State policeman;

6 (2) fire fighter in the fire protection service of a  
7 department;

8 (3) air pilot;

9 (4) special agent;

10 (5) investigator for the Secretary of State;

11 (6) conservation police officer;

12 (7) investigator for the Department of Revenue or the  
13 Illinois Gaming Board;

14 (8) security employee of the Department of Human  
15 Services;

16 (9) Central Management Services security police  
17 officer;

18 (10) security employee of the Department of  
19 Corrections or the Department of Juvenile Justice;

20 (11) dangerous drugs investigator;

21 (12) investigator for the Department of State Police;

22 (13) investigator for the Office of the Attorney  
23 General;

24 (14) controlled substance inspector;

25 (15) investigator for the Office of the State's  
26 Attorneys Appellate Prosecutor;

1 (16) Commerce Commission police officer;

2 (17) arson investigator;

3 (18) State highway maintenance worker.

4 A person employed in one of the positions specified in this  
5 subsection is entitled to eligible creditable service for  
6 service credit earned under this Article while undergoing the  
7 basic police training course approved by the Illinois Law  
8 Enforcement Training Standards Board, if completion of that  
9 training is required of persons serving in that position. For  
10 the purposes of this Code, service during the required basic  
11 police training course shall be deemed performance of the  
12 duties of the specified position, even though the person is not  
13 a sworn peace officer at the time of the training.

14 (c) For the purposes of this Section:

15 (1) The term "state policeman" includes any title or  
16 position in the Department of State Police that is held by  
17 an individual employed under the State Police Act.

18 (2) The term "fire fighter in the fire protection  
19 service of a department" includes all officers in such fire  
20 protection service including fire chiefs and assistant  
21 fire chiefs.

22 (3) The term "air pilot" includes any employee whose  
23 official job description on file in the Department of  
24 Central Management Services, or in the department by which  
25 he is employed if that department is not covered by the  
26 Personnel Code, states that his principal duty is the

1 operation of aircraft, and who possesses a pilot's license;  
2 however, the change in this definition made by this  
3 amendatory Act of 1983 shall not operate to exclude any  
4 noncovered employee who was an "air pilot" for the purposes  
5 of this Section on January 1, 1984.

6 (4) The term "special agent" means any person who by  
7 reason of employment by the Division of Narcotic Control,  
8 the Bureau of Investigation or, after July 1, 1977, the  
9 Division of Criminal Investigation, the Division of  
10 Internal Investigation, the Division of Operations, or any  
11 other Division or organizational entity in the Department  
12 of State Police is vested by law with duties to maintain  
13 public order, investigate violations of the criminal law of  
14 this State, enforce the laws of this State, make arrests  
15 and recover property. The term "special agent" includes any  
16 title or position in the Department of State Police that is  
17 held by an individual employed under the State Police Act.

18 (5) The term "investigator for the Secretary of State"  
19 means any person employed by the Office of the Secretary of  
20 State and vested with such investigative duties as render  
21 him ineligible for coverage under the Social Security Act  
22 by reason of Sections 218(d)(5)(A), 218(d)(8)(D) and  
23 218(1)(1) of that Act.

24 A person who became employed as an investigator for the  
25 Secretary of State between January 1, 1967 and December 31,  
26 1975, and who has served as such until attainment of age



1 60, either continuously or with a single break in service  
2 of not more than 3 years duration, which break terminated  
3 before January 1, 1976, shall be entitled to have his  
4 retirement annuity calculated in accordance with  
5 subsection (a), notwithstanding that he has less than 20  
6 years of credit for such service.

7 (6) The term "Conservation Police Officer" means any  
8 person employed by the Division of Law Enforcement of the  
9 Department of Natural Resources and vested with such law  
10 enforcement duties as render him ineligible for coverage  
11 under the Social Security Act by reason of Sections  
12 218(d)(5)(A), 218(d)(8)(D), and 218(1)(1) of that Act. The  
13 term "Conservation Police Officer" includes the positions  
14 of Chief Conservation Police Administrator and Assistant  
15 Conservation Police Administrator.

16 (7) The term "investigator for the Department of  
17 Revenue" means any person employed by the Department of  
18 Revenue and vested with such investigative duties as render  
19 him ineligible for coverage under the Social Security Act  
20 by reason of Sections 218(d)(5)(A), 218(d)(8)(D) and  
21 218(1)(1) of that Act.

22 The term "investigator for the Illinois Gaming Board"  
23 means any person employed as such by the Illinois Gaming  
24 Board and vested with such peace officer duties as render  
25 the person ineligible for coverage under the Social  
26 Security Act by reason of Sections 218(d)(5)(A),

1 218(d)(8)(D), and 218(1)(1) of that Act.

2 (8) The term "security employee of the Department of  
3 Human Services" means any person employed by the Department  
4 of Human Services who (i) is employed at the Chester Mental  
5 Health Center and has daily contact with the residents  
6 thereof, (ii) is employed within a security unit at a  
7 facility operated by the Department and has daily contact  
8 with the residents of the security unit, (iii) is employed  
9 at a facility operated by the Department that includes a  
10 security unit and is regularly scheduled to work at least  
11 50% of his or her working hours within that security unit,  
12 or (iv) is a mental health police officer. "Mental health  
13 police officer" means any person employed by the Department  
14 of Human Services in a position pertaining to the  
15 Department's mental health and developmental disabilities  
16 functions who is vested with such law enforcement duties as  
17 render the person ineligible for coverage under the Social  
18 Security Act by reason of Sections 218(d)(5)(A),  
19 218(d)(8)(D) and 218(1)(1) of that Act. "Security unit"  
20 means that portion of a facility that is devoted to the  
21 care, containment, and treatment of persons committed to  
22 the Department of Human Services as sexually violent  
23 persons, persons unfit to stand trial, or persons not  
24 guilty by reason of insanity. With respect to past  
25 employment, references to the Department of Human Services  
26 include its predecessor, the Department of Mental Health

1 and Developmental Disabilities.

2 The changes made to this subdivision (c) (8) by Public  
3 Act 92-14 apply to persons who retire on or after January  
4 1, 2001, notwithstanding Section 1-103.1.

5 (9) "Central Management Services security police  
6 officer" means any person employed by the Department of  
7 Central Management Services who is vested with such law  
8 enforcement duties as render him ineligible for coverage  
9 under the Social Security Act by reason of Sections  
10 218(d) (5) (A), 218(d) (8) (D) and 218(1) (1) of that Act.

11 (10) For a member who first became an employee under  
12 this Article before July 1, 2005, the term "security  
13 employee of the Department of Corrections or the Department  
14 of Juvenile Justice" means any employee of the Department  
15 of Corrections or the Department of Juvenile Justice or the  
16 former Department of Personnel, and any member or employee  
17 of the Prisoner Review Board, who has daily contact with  
18 inmates or youth by working within a correctional facility  
19 or Juvenile facility operated by the Department of Juvenile  
20 Justice or who is a parole officer or an employee who has  
21 direct contact with committed persons in the performance of  
22 his or her job duties. For a member who first becomes an  
23 employee under this Article on or after July 1, 2005, the  
24 term means an employee of the Department of Corrections or  
25 the Department of Juvenile Justice who is any of the  
26 following: (i) officially headquartered at a correctional

1 facility or Juvenile facility operated by the Department of  
2 Juvenile Justice, (ii) a parole officer, (iii) a member of  
3 the apprehension unit, (iv) a member of the intelligence  
4 unit, (v) a member of the sort team, or (vi) an  
5 investigator.

6 (11) The term "dangerous drugs investigator" means any  
7 person who is employed as such by the Department of Human  
8 Services.

9 (12) The term "investigator for the Department of State  
10 Police" means a person employed by the Department of State  
11 Police who is vested under Section 4 of the Narcotic  
12 Control Division Abolition Act with such law enforcement  
13 powers as render him ineligible for coverage under the  
14 Social Security Act by reason of Sections 218(d)(5)(A),  
15 218(d)(8)(D) and 218(1)(1) of that Act.

16 (13) "Investigator for the Office of the Attorney  
17 General" means any person who is employed as such by the  
18 Office of the Attorney General and is vested with such  
19 investigative duties as render him ineligible for coverage  
20 under the Social Security Act by reason of Sections  
21 218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act. For  
22 the period before January 1, 1989, the term includes all  
23 persons who were employed as investigators by the Office of  
24 the Attorney General, without regard to social security  
25 status.

26 (14) "Controlled substance inspector" means any person

1 who is employed as such by the Department of Professional  
2 Regulation and is vested with such law enforcement duties  
3 as render him ineligible for coverage under the Social  
4 Security Act by reason of Sections 218(d)(5)(A),  
5 218(d)(8)(D) and 218(1)(1) of that Act. The term  
6 "controlled substance inspector" includes the Program  
7 Executive of Enforcement and the Assistant Program  
8 Executive of Enforcement.

9 (15) The term "investigator for the Office of the  
10 State's Attorneys Appellate Prosecutor" means a person  
11 employed in that capacity on a full time basis under the  
12 authority of Section 7.06 of the State's Attorneys  
13 Appellate Prosecutor's Act.

14 (16) "Commerce Commission police officer" means any  
15 person employed by the Illinois Commerce Commission who is  
16 vested with such law enforcement duties as render him  
17 ineligible for coverage under the Social Security Act by  
18 reason of Sections 218(d)(5)(A), 218(d)(8)(D), and  
19 218(1)(1) of that Act.

20 (17) "Arson investigator" means any person who is  
21 employed as such by the Office of the State Fire Marshal  
22 and is vested with such law enforcement duties as render  
23 the person ineligible for coverage under the Social  
24 Security Act by reason of Sections 218(d)(5)(A),  
25 218(d)(8)(D), and 218(1)(1) of that Act. A person who was  
26 employed as an arson investigator on January 1, 1995 and is

1 no longer in service but not yet receiving a retirement  
2 annuity may convert his or her creditable service for  
3 employment as an arson investigator into eligible  
4 creditable service by paying to the System the difference  
5 between the employee contributions actually paid for that  
6 service and the amounts that would have been contributed if  
7 the applicant were contributing at the rate applicable to  
8 persons with the same social security status earning  
9 eligible creditable service on the date of application.

10 (18) The term "State highway maintenance worker" means  
11 a person who is either of the following:

12 (i) A person employed on a full-time basis by the  
13 Illinois Department of Transportation in the position  
14 of highway maintainer, highway maintenance lead  
15 worker, highway maintenance lead/lead worker, heavy  
16 construction equipment operator, power shovel  
17 operator, or bridge mechanic; and whose principal  
18 responsibility is to perform, on the roadway, the  
19 actual maintenance necessary to keep the highways that  
20 form a part of the State highway system in serviceable  
21 condition for vehicular traffic.

22 (ii) A person employed on a full-time basis by the  
23 Illinois State Toll Highway Authority in the position  
24 of equipment operator/laborer H-4, equipment  
25 operator/laborer H-6, welder H-4, welder H-6,  
26 mechanical/electrical H-4, mechanical/electrical H-6,

1 water/sewer H-4, water/sewer H-6, sign maker/hanger  
2 H-4, sign maker/hanger H-6, roadway lighting H-4,  
3 roadway lighting H-6, structural H-4, structural H-6,  
4 painter H-4, or painter H-6; and whose principal  
5 responsibility is to perform, on the roadway, the  
6 actual maintenance necessary to keep the Authority's  
7 tollways in serviceable condition for vehicular  
8 traffic.

9 (d) A security employee of the Department of Corrections or  
10 the Department of Juvenile Justice, and a security employee of  
11 the Department of Human Services who is not a mental health  
12 police officer, shall not be eligible for the alternative  
13 retirement annuity provided by this Section unless he or she  
14 meets the following minimum age and service requirements at the  
15 time of retirement:

16 (i) 25 years of eligible creditable service and age 55;

17 or

18 (ii) beginning January 1, 1987, 25 years of eligible  
19 creditable service and age 54, or 24 years of eligible  
20 creditable service and age 55; or

21 (iii) beginning January 1, 1988, 25 years of eligible  
22 creditable service and age 53, or 23 years of eligible  
23 creditable service and age 55; or

24 (iv) beginning January 1, 1989, 25 years of eligible  
25 creditable service and age 52, or 22 years of eligible  
26 creditable service and age 55; or

1 (v) beginning January 1, 1990, 25 years of eligible  
2 creditable service and age 51, or 21 years of eligible  
3 creditable service and age 55; or

4 (vi) beginning January 1, 1991, 25 years of eligible  
5 creditable service and age 50, or 20 years of eligible  
6 creditable service and age 55.

7 For members to whom subsection (a-5) of this Section  
8 applies, the references to age 50 and 55 in item (vi) of this  
9 subsection are increased as provided in subsection (a-5).

10 Persons who have service credit under Article 16 of this  
11 Code for service as a security employee of the Department of  
12 Corrections or the Department of Juvenile Justice, or the  
13 Department of Human Services in a position requiring  
14 certification as a teacher may count such service toward  
15 establishing their eligibility under the service requirements  
16 of this Section; but such service may be used only for  
17 establishing such eligibility, and not for the purpose of  
18 increasing or calculating any benefit.

19 (e) If a member enters military service while working in a  
20 position in which eligible creditable service may be earned,  
21 and returns to State service in the same or another such  
22 position, and fulfills in all other respects the conditions  
23 prescribed in this Article for credit for military service,  
24 such military service shall be credited as eligible creditable  
25 service for the purposes of the retirement annuity prescribed  
26 in this Section.



1           (f) For purposes of calculating retirement annuities under  
2 this Section, periods of service rendered after December 31,  
3 1968 and before October 1, 1975 as a covered employee in the  
4 position of special agent, conservation police officer, mental  
5 health police officer, or investigator for the Secretary of  
6 State, shall be deemed to have been service as a noncovered  
7 employee, provided that the employee pays to the System prior  
8 to retirement an amount equal to (1) the difference between the  
9 employee contributions that would have been required for such  
10 service as a noncovered employee, and the amount of employee  
11 contributions actually paid, plus (2) if payment is made after  
12 July 31, 1987, regular interest on the amount specified in item  
13 (1) from the date of service to the date of payment.

14           For purposes of calculating retirement annuities under  
15 this Section, periods of service rendered after December 31,  
16 1968 and before January 1, 1982 as a covered employee in the  
17 position of investigator for the Department of Revenue shall be  
18 deemed to have been service as a noncovered employee, provided  
19 that the employee pays to the System prior to retirement an  
20 amount equal to (1) the difference between the employee  
21 contributions that would have been required for such service as  
22 a noncovered employee, and the amount of employee contributions  
23 actually paid, plus (2) if payment is made after January 1,  
24 1990, regular interest on the amount specified in item (1) from  
25 the date of service to the date of payment.

26           (g) A State policeman may elect, not later than January 1,

1 1990, to establish eligible creditable service for up to 10  
2 years of his service as a policeman under Article 3, by filing  
3 a written election with the Board, accompanied by payment of an  
4 amount to be determined by the Board, equal to (i) the  
5 difference between the amount of employee and employer  
6 contributions transferred to the System under Section 3-110.5,  
7 and the amounts that would have been contributed had such  
8 contributions been made at the rates applicable to State  
9 policemen, plus (ii) interest thereon at the effective rate for  
10 each year, compounded annually, from the date of service to the  
11 date of payment.

12 Subject to the limitation in subsection (i), a State  
13 policeman may elect, not later than July 1, 1993, to establish  
14 eligible creditable service for up to 10 years of his service  
15 as a member of the County Police Department under Article 9, by  
16 filing a written election with the Board, accompanied by  
17 payment of an amount to be determined by the Board, equal to  
18 (i) the difference between the amount of employee and employer  
19 contributions transferred to the System under Section 9-121.10  
20 and the amounts that would have been contributed had those  
21 contributions been made at the rates applicable to State  
22 policemen, plus (ii) interest thereon at the effective rate for  
23 each year, compounded annually, from the date of service to the  
24 date of payment.

25 (h) Subject to the limitation in subsection (i), a State  
26 policeman or investigator for the Secretary of State may elect

1 to establish eligible creditable service for up to 12 years of  
2 his service as a policeman under Article 5, by filing a written  
3 election with the Board on or before January 31, 1992, and  
4 paying to the System by January 31, 1994 an amount to be  
5 determined by the Board, equal to (i) the difference between  
6 the amount of employee and employer contributions transferred  
7 to the System under Section 5-236, and the amounts that would  
8 have been contributed had such contributions been made at the  
9 rates applicable to State policemen, plus (ii) interest thereon  
10 at the effective rate for each year, compounded annually, from  
11 the date of service to the date of payment.

12 Subject to the limitation in subsection (i), a State  
13 policeman, conservation police officer, or investigator for  
14 the Secretary of State may elect to establish eligible  
15 creditable service for up to 10 years of service as a sheriff's  
16 law enforcement employee under Article 7, by filing a written  
17 election with the Board on or before January 31, 1993, and  
18 paying to the System by January 31, 1994 an amount to be  
19 determined by the Board, equal to (i) the difference between  
20 the amount of employee and employer contributions transferred  
21 to the System under Section 7-139.7, and the amounts that would  
22 have been contributed had such contributions been made at the  
23 rates applicable to State policemen, plus (ii) interest thereon  
24 at the effective rate for each year, compounded annually, from  
25 the date of service to the date of payment.

26 Subject to the limitation in subsection (i), a State

1 policeman, conservation police officer, or investigator for  
2 the Secretary of State may elect to establish eligible  
3 creditable service for up to 5 years of service as a police  
4 officer under Article 3, a policeman under Article 5, a  
5 sheriff's law enforcement employee under Article 7, a member of  
6 the county police department under Article 9, or a police  
7 officer under Article 15 by filing a written election with the  
8 Board and paying to the System an amount to be determined by  
9 the Board, equal to (i) the difference between the amount of  
10 employee and employer contributions transferred to the System  
11 under Section 3-110.6, 5-236, 7-139.8, 9-121.10, or 15-134.4  
12 and the amounts that would have been contributed had such  
13 contributions been made at the rates applicable to State  
14 policemen, plus (ii) interest thereon at the effective rate for  
15 each year, compounded annually, from the date of service to the  
16 date of payment.

17 Subject to the limitation in subsection (i), an  
18 investigator for the Office of the Attorney General, or an  
19 investigator for the Department of Revenue, may elect to  
20 establish eligible creditable service for up to 5 years of  
21 service as a police officer under Article 3, a policeman under  
22 Article 5, a sheriff's law enforcement employee under Article  
23 7, or a member of the county police department under Article 9  
24 by filing a written election with the Board within 6 months  
25 after August 25, 2009 (the effective date of Public Act 96-745)  
26 and paying to the System an amount to be determined by the

1 Board, equal to (i) the difference between the amount of  
2 employee and employer contributions transferred to the System  
3 under Section 3-110.6, 5-236, 7-139.8, or 9-121.10 and the  
4 amounts that would have been contributed had such contributions  
5 been made at the rates applicable to State policemen, plus (ii)  
6 interest thereon at the actuarially assumed rate for each year,  
7 compounded annually, from the date of service to the date of  
8 payment.

9 Subject to the limitation in subsection (i), a State  
10 policeman, conservation police officer, investigator for the  
11 Office of the Attorney General, an investigator for the  
12 Department of Revenue, or investigator for the Secretary of  
13 State may elect to establish eligible creditable service for up  
14 to 5 years of service as a person employed by a participating  
15 municipality to perform police duties, or law enforcement  
16 officer employed on a full-time basis by a forest preserve  
17 district under Article 7, a county corrections officer, or a  
18 court services officer under Article 9, by filing a written  
19 election with the Board within 6 months after August 25, 2009  
20 (the effective date of Public Act 96-745) and paying to the  
21 System an amount to be determined by the Board, equal to (i)  
22 the difference between the amount of employee and employer  
23 contributions transferred to the System under Sections 7-139.8  
24 and 9-121.10 and the amounts that would have been contributed  
25 had such contributions been made at the rates applicable to  
26 State policemen, plus (ii) interest thereon at the actuarially

1 assumed rate for each year, compounded annually, from the date  
2 of service to the date of payment.

3 (i) The total amount of eligible creditable service  
4 established by any person under subsections (g), (h), (j), (k),  
5 and (l) of this Section shall not exceed 12 years.

6 (j) Subject to the limitation in subsection (i), an  
7 investigator for the Office of the State's Attorneys Appellate  
8 Prosecutor or a controlled substance inspector may elect to  
9 establish eligible creditable service for up to 10 years of his  
10 service as a policeman under Article 3 or a sheriff's law  
11 enforcement employee under Article 7, by filing a written  
12 election with the Board, accompanied by payment of an amount to  
13 be determined by the Board, equal to (1) the difference between  
14 the amount of employee and employer contributions transferred  
15 to the System under Section 3-110.6 or 7-139.8, and the amounts  
16 that would have been contributed had such contributions been  
17 made at the rates applicable to State policemen, plus (2)  
18 interest thereon at the effective rate for each year,  
19 compounded annually, from the date of service to the date of  
20 payment.

21 (k) Subject to the limitation in subsection (i) of this  
22 Section, an alternative formula employee may elect to establish  
23 eligible creditable service for periods spent as a full-time  
24 law enforcement officer or full-time corrections officer  
25 employed by the federal government or by a state or local  
26 government located outside of Illinois, for which credit is not

1 held in any other public employee pension fund or retirement  
2 system. To obtain this credit, the applicant must file a  
3 written application with the Board by March 31, 1998,  
4 accompanied by evidence of eligibility acceptable to the Board  
5 and payment of an amount to be determined by the Board, equal  
6 to (1) employee contributions for the credit being established,  
7 based upon the applicant's salary on the first day as an  
8 alternative formula employee after the employment for which  
9 credit is being established and the rates then applicable to  
10 alternative formula employees, plus (2) an amount determined by  
11 the Board to be the employer's normal cost of the benefits  
12 accrued for the credit being established, plus (3) regular  
13 interest on the amounts in items (1) and (2) from the first day  
14 as an alternative formula employee after the employment for  
15 which credit is being established to the date of payment.

16 (1) Subject to the limitation in subsection (i), a security  
17 employee of the Department of Corrections may elect, not later  
18 than July 1, 1998, to establish eligible creditable service for  
19 up to 10 years of his or her service as a policeman under  
20 Article 3, by filing a written election with the Board,  
21 accompanied by payment of an amount to be determined by the  
22 Board, equal to (i) the difference between the amount of  
23 employee and employer contributions transferred to the System  
24 under Section 3-110.5, and the amounts that would have been  
25 contributed had such contributions been made at the rates  
26 applicable to security employees of the Department of

1 Corrections, plus (ii) interest thereon at the effective rate  
2 for each year, compounded annually, from the date of service to  
3 the date of payment.

4 (m) The amendatory changes to this Section made by this  
5 amendatory Act of the 94th General Assembly apply only to: (1)  
6 security employees of the Department of Juvenile Justice  
7 employed by the Department of Corrections before the effective  
8 date of this amendatory Act of the 94th General Assembly and  
9 transferred to the Department of Juvenile Justice by this  
10 amendatory Act of the 94th General Assembly; and (2) persons  
11 employed by the Department of Juvenile Justice on or after the  
12 effective date of this amendatory Act of the 94th General  
13 Assembly who are required by subsection (b) of Section 3-2.5-15  
14 of the Unified Code of Corrections to have a bachelor's or  
15 advanced degree from an accredited college or university with a  
16 specialization in criminal justice, education, psychology,  
17 social work, or a closely related social science or, in the  
18 case of persons who provide vocational training, who are  
19 required to have adequate knowledge in the skill for which they  
20 are providing the vocational training.

21 (n) A person employed in a position under subsection (b) of  
22 this Section who has purchased service credit under subsection  
23 (j) of Section 14-104 or subsection (b) of Section 14-105 in  
24 any other capacity under this Article may convert up to 5 years  
25 of that service credit into service credit covered under this  
26 Section by paying to the Fund an amount equal to (1) the



1 additional employee contribution required under Section  
2 14-133, plus (2) the additional employer contribution required  
3 under Section 14-131, plus (3) interest on items (1) and (2) at  
4 the actuarially assumed rate from the date of the service to  
5 the date of payment.

6 (Source: P.A. 95-530, eff. 8-28-07; 95-1036, eff. 2-17-09;  
7 96-37, eff. 7-13-09; 96-745, eff. 8-25-09; 96-1000, eff.  
8 7-2-10.)

9 (40 ILCS 5/14-114) (from Ch. 108 1/2, par. 14-114)  
10 Sec. 14-114. Automatic increase in retirement annuity.

11 (a) This subsection (a) is subject to subsections (a-1) and  
12 (a-2) of this Section. Any person receiving a retirement  
13 annuity under this Article who retires having attained age 60,  
14 or who retires before age 60 having at least 35 years of  
15 creditable service, or who retires on or after January 1, 2001  
16 at an age which, when added to the number of years of his or her  
17 creditable service, equals at least 85, shall, on January 1  
18 next following the first full year of retirement, have the  
19 amount of the then fixed and payable monthly retirement annuity  
20 increased 3%. Any person receiving a retirement annuity under  
21 this Article who retires before attainment of age 60 and with  
22 less than (i) 35 years of creditable service if retirement is  
23 before January 1, 2001, or (ii) the number of years of  
24 creditable service which, when added to the member's age, would  
25 equal 85, if retirement is on or after January 1, 2001, shall

1 have the amount of the fixed and payable retirement annuity  
2 increased by 3% on the January 1 occurring on or next following  
3 (1) attainment of age 60, or (2) the first anniversary of  
4 retirement, whichever occurs later. However, for persons who  
5 receive the alternative retirement annuity under Section  
6 14-110, references in this subsection (a) to attainment of age  
7 60 shall be deemed to refer to attainment of age 55. For a  
8 person receiving early retirement incentives under Section  
9 14-108.3 whose retirement annuity began after January 1, 1992  
10 pursuant to an extension granted under subsection (e) of that  
11 Section, the first anniversary of retirement shall be deemed to  
12 be January 1, 1993. For a person who retires on or after June  
13 28, 2001 and on or before October 1, 2001, and whose retirement  
14 annuity is calculated, in whole or in part, under Section  
15 14-110 or subsection (g) or (h) of Section 14-108, the first  
16 anniversary of retirement shall be deemed to be January 1,  
17 2002.

18 On each January 1 following the date of the initial  
19 increase under this subsection, the employee's monthly  
20 retirement annuity shall be increased by an additional 3%.

21 Beginning January 1, 1990, all automatic annual increases  
22 payable under this Section shall be calculated as a percentage  
23 of the total annuity payable at the time of the increase,  
24 including previous increases granted under this Article.

25 (a-1) Notwithstanding subsection (a), but subject to the  
26 provisions of subsection (a-2), all automatic increases

1 payable under subsection (a) on or after the effective date of  
2 this amendatory Act of the 98th General Assembly shall be  
3 calculated as 3% of the lesser of (1) the total annuity payable  
4 at the time of the increase, including previous increases  
5 granted, or (2) \$800 (\$1,000 for portions of the annuity based  
6 on service as a noncovered employee) multiplied by the number  
7 of years of creditable service upon which the annuity is based.

8 Beginning January 1, 2016, the \$800 (\$1,000 for portions of  
9 the annuity based on service as a noncovered employee) referred  
10 in item (2) of this subsection (a-1) shall be increased on each  
11 January 1 by the annual unadjusted percentage increase (but not  
12 less than zero) in the consumer price index-u for the 12 months  
13 ending with the preceding September; these adjustments shall be  
14 cumulative and compounded. For the purposes of this subsection  
15 (a-1), "consumer price index-u" means the index published by  
16 the Bureau of Labor Statistics of the United States Department  
17 of Labor that measures the average change in prices of goods  
18 and services purchased by all urban consumers, United States  
19 city average, all items, 1982-84 = 100. The new dollar amount  
20 resulting from each annual adjustment shall be determined by  
21 the Public Pension Division of the Department of Insurance and  
22 made available to the System by November 1 of each year.

23 This subsection (a-1) is applicable without regard to  
24 whether the person is in service on or after the effective date  
25 of this amendatory Act of the 98th General Assembly.

26 (a-2) Notwithstanding subsections (a) and (a-1), for an

1 active or inactive Tier 1 member who has not begun to receive a  
2 retirement annuity under this Article before July 1, 2014:

3 (1) the second automatic annual increase payable under  
4 subsection (a) shall be at the rate of 0% of the total  
5 annuity payable at the time of the increase if he or she is  
6 at least age 50 on the effective date of this amendatory  
7 Act;

8 (2) the second, fourth, and sixth automatic annual  
9 increases payable under subsection (a) shall be at the rate  
10 of 0% of the total annuity payable at the time of the  
11 increase if he or she is at least age 47 but less than age  
12 50 on the effective date of this amendatory Act;

13 (3) the second, fourth, sixth, and eighth automatic  
14 annual increases payable under subsection (a) shall be at  
15 the rate of 0% of the total annuity payable at the time of  
16 the increase if he or she is at least age 44 but less than  
17 age 47 on the effective date of this amendatory Act; and

18 (4) the second, fourth, sixth, eighth, and tenth  
19 automatic annual increases payable under subsection (a)  
20 shall be at the rate of 0% of the total annuity payable at  
21 the time of the increase if he or she is less than age 44 on  
22 the effective date of this amendatory Act.

23 For the purposes of Section 1-103.1, this subsection (a-2)  
24 is applicable without regard to whether the person is in  
25 service on or after the effective date of this amendatory Act  
26 of the 98th General Assembly.

1           (b) The provisions of subsection (a) of this Section shall  
2 be applicable to an employee only if the employee makes the  
3 additional contributions required after December 31, 1969 for  
4 the purpose of the automatic increases for not less than the  
5 equivalent of one full year. If an employee becomes an  
6 annuitant before his additional contributions equal one full  
7 year's contributions based on his salary at the date of  
8 retirement, the employee may pay the necessary balance of the  
9 contributions to the system, without interest, and be eligible  
10 for the increasing annuity authorized by this Section.

11           (c) The provisions of subsection (a) of this Section shall  
12 not be applicable to any annuitant who is on retirement on  
13 December 31, 1969, and thereafter returns to State service,  
14 unless the member has established at least one year of  
15 additional creditable service following reentry into service.

16           (d) In addition to other increases which may be provided by  
17 this Section, on January 1, 1981 any annuitant who was  
18 receiving a retirement annuity on or before January 1, 1971  
19 shall have his retirement annuity then being paid increased \$1  
20 per month for each year of creditable service. On January 1,  
21 1982, any annuitant who began receiving a retirement annuity on  
22 or before January 1, 1977, shall have his retirement annuity  
23 then being paid increased \$1 per month for each year of  
24 creditable service.

25           On January 1, 1987, any annuitant who began receiving a  
26 retirement annuity on or before January 1, 1977, shall have the

1 monthly retirement annuity increased by an amount equal to 8¢  
2 per year of creditable service times the number of years that  
3 have elapsed since the annuity began.

4 (e) Every person who receives the alternative retirement  
5 annuity under Section 14-110 and who is eligible to receive the  
6 3% increase under subsection (a) on January 1, 1986, shall also  
7 receive on that date a one-time increase in retirement annuity  
8 equal to the difference between (1) his actual retirement  
9 annuity on that date, including any increases received under  
10 subsection (a), and (2) the amount of retirement annuity he  
11 would have received on that date if the amendments to  
12 subsection (a) made by Public Act 84-162 had been in effect  
13 since the date of his retirement.

14 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01;  
15 92-651, eff. 7-11-02.)

16 (40 ILCS 5/14-115) (from Ch. 108 1/2, par. 14-115)  
17 Sec. 14-115. Supplemental Annuity.

18 (a) Each annuitant, who retired at age 55 or over and after  
19 the completion of at least 15 years of creditable service,  
20 whose status as an employee terminated before January 1, 1970,  
21 is entitled to a monthly supplemental annuity effective January  
22 1, 1970, or on January 1 nearest the annuitant's 65th birthday,  
23 whichever is later. Such supplemental annuity shall be 1-1/2%  
24 of the monthly retirement annuity, multiplied by the number of  
25 full years which elapsed from the date of the member's latest

1 retirement to the effective date of the supplemental annuity.  
2 This monthly supplemental annuity shall be increased on each  
3 January 1 thereafter during the lifetime of the annuitant by  
4 1-1/2% of the monthly retirement annuity disregarding any  
5 supplemental annuity previously granted. Beginning January 1,  
6 1972, the rate of increase in the supplemental annuity shall be  
7 2%. Beginning January 1, 1979, the rate of increase in the  
8 supplemental annuity shall be 3%.

9 The supplemental annuity under this subsection is payable  
10 only if the annuitant pays to the System, in a single sum, an  
11 amount equal to 1% of his monthly final average compensation  
12 multiplied by the number of full years of creditable service.

13 (b) Any member who retired with less than 15 years of  
14 creditable service whose status as an employee terminated  
15 before January 1, 1970, shall be entitled to an increase of 3%  
16 of the original monthly retirement allowance, effective  
17 January 1, 1982, or on January 1 nearest the annuitant's 65th  
18 birthday, whichever is later. On each January 1 thereafter  
19 during the lifetime of the member, he shall be entitled to an  
20 additional increase of 3% of the original monthly retirement  
21 allowance. No qualifying contribution is required for the  
22 supplemental annuity under this subsection.

23 (c) Beginning January 1, 1990, all automatic annual  
24 increases payable under this Section shall be calculated as a  
25 percentage of the total monthly amount of annuity payable at  
26 the time of the increase, including any supplemental annuity or

1 other increase previously granted under this Article.

2 (d) Notwithstanding any other provision of this Section,  
3 all increases payable under this Section on or after the  
4 effective date of this amendatory Act of the 98th General  
5 Assembly shall be calculated as 3% of the lesser of (1) the  
6 total annuity payable at the time of the increase, including  
7 previous increases granted, or (2) \$800 (\$1,000 for portions of  
8 the annuity based on service as a noncovered employee)  
9 multiplied by the number of years of creditable service upon  
10 which the annuity is based.

11 Beginning January 1, 2016, the \$800 (\$1,000 for portions of  
12 the annuity based on service as a noncovered employee) referred  
13 in item (2) of this subsection (d) shall be increased on each  
14 January 1 by the annual unadjusted percentage increase (but not  
15 less than zero) in the consumer price index-u for the 12 months  
16 ending with the preceding September; these adjustments shall be  
17 cumulative and compounded. For the purposes of this subsection  
18 (d), "consumer price index-u" means the index published by the  
19 Bureau of Labor Statistics of the United States Department of  
20 Labor that measures the average change in prices of goods and  
21 services purchased by all urban consumers, United States city  
22 average, all items, 1982-84 = 100. The new dollar amount  
23 resulting from each annual adjustment shall be determined by  
24 the Public Pension Division of the Department of Insurance and  
25 made available to the System by November 1 of each year.

26 This subsection (d) is applicable without regard to whether



1 the person is in service on or after the effective date of this  
2 amendatory Act of the 98th General Assembly.

3 (Source: P.A. 86-273.)

4 (40 ILCS 5/14-131)

5 Sec. 14-131. Contributions by State.

6 (a) The State shall make contributions to the System by  
7 appropriations of amounts which, together with other employer  
8 contributions from trust, federal, and other funds, employee  
9 contributions, investment income, and other income, will be  
10 sufficient to meet the cost of maintaining and administering  
11 the System on a 100% ~~90%~~ funded basis in accordance with  
12 actuarial recommendations by the end of State fiscal year 2044.

13 For the purposes of this Section and Section 14-135.08,  
14 references to State contributions refer only to employer  
15 contributions and do not include employee contributions that  
16 are picked up or otherwise paid by the State or a department on  
17 behalf of the employee.

18 (b) The Board shall determine the total amount of State  
19 contributions required for each fiscal year on the basis of the  
20 actuarial tables and other assumptions adopted by the Board,  
21 using the formula in subsection (e).

22 The Board shall also determine a State contribution rate  
23 for each fiscal year, expressed as a percentage of payroll,  
24 based on the total required State contribution for that fiscal  
25 year (less the amount received by the System from

1 appropriations under Section 8.12 of the State Finance Act and  
2 Section 1 of the State Pension Funds Continuing Appropriation  
3 Act, if any, for the fiscal year ending on the June 30  
4 immediately preceding the applicable November 15 certification  
5 deadline), the estimated payroll (including all forms of  
6 compensation) for personal services rendered by eligible  
7 employees, and the recommendations of the actuary.

8 For the purposes of this Section and Section 14.1 of the  
9 State Finance Act, the term "eligible employees" includes  
10 employees who participate in the System, persons who may elect  
11 to participate in the System but have not so elected, persons  
12 who are serving a qualifying period that is required for  
13 participation, and annuitants employed by a department as  
14 described in subdivision (a) (1) or (a) (2) of Section 14-111.

15 (c) Contributions shall be made by the several departments  
16 for each pay period by warrants drawn by the State Comptroller  
17 against their respective funds or appropriations based upon  
18 vouchers stating the amount to be so contributed. These amounts  
19 shall be based on the full rate certified by the Board under  
20 Section 14-135.08 for that fiscal year. From the effective date  
21 of this amendatory Act of the 93rd General Assembly through the  
22 payment of the final payroll from fiscal year 2004  
23 appropriations, the several departments shall not make  
24 contributions for the remainder of fiscal year 2004 but shall  
25 instead make payments as required under subsection (a-1) of  
26 Section 14.1 of the State Finance Act. The several departments

1 shall resume those contributions at the commencement of fiscal  
2 year 2005.

3 (c-1) Notwithstanding subsection (c) of this Section, for  
4 fiscal years 2010, 2012, 2013, and 2014 only, contributions by  
5 the several departments are not required to be made for General  
6 Revenue Funds payrolls processed by the Comptroller. Payrolls  
7 paid by the several departments from all other State funds must  
8 continue to be processed pursuant to subsection (c) of this  
9 Section.

10 (c-2) For State fiscal years 2010, 2012, 2013, and 2014  
11 only, on or as soon as possible after the 15th day of each  
12 month, the Board shall submit vouchers for payment of State  
13 contributions to the System, in a total monthly amount of  
14 one-twelfth of the fiscal year General Revenue Fund  
15 contribution as certified by the System pursuant to Section  
16 14-135.08 of the Illinois Pension Code.

17 (d) If an employee is paid from trust funds or federal  
18 funds, the department or other employer shall pay employer  
19 contributions from those funds to the System at the certified  
20 rate, unless the terms of the trust or the federal-State  
21 agreement preclude the use of the funds for that purpose, in  
22 which case the required employer contributions shall be paid by  
23 the State. From the effective date of this amendatory Act of  
24 the 93rd General Assembly through the payment of the final  
25 payroll from fiscal year 2004 appropriations, the department or  
26 other employer shall not pay contributions for the remainder of

1 fiscal year 2004 but shall instead make payments as required  
2 under subsection (a-1) of Section 14.1 of the State Finance  
3 Act. The department or other employer shall resume payment of  
4 contributions at the commencement of fiscal year 2005.

5 (e) For State fiscal years 2015 through 2044, the minimum  
6 contribution to the System to be made by the State for each  
7 fiscal year shall be an amount determined by the System to be  
8 equal to the sum of (1) the State's portion of the projected  
9 normal cost for that fiscal year, plus (2) an amount sufficient  
10 to bring the total assets of the System up to 100% of the total  
11 actuarial liabilities of the System by the end of State fiscal  
12 year 2044. In making these determinations, the required State  
13 contribution shall be calculated each year as a level  
14 percentage of payroll over the years remaining to and including  
15 fiscal year 2044 and shall be determined under the projected  
16 unit cost method for fiscal year 2015 and under the entry age  
17 normal actuarial cost method for fiscal years 2016 through  
18 2044.

19 For State fiscal years 2012 through 2014 ~~2045~~, the minimum  
20 contribution to the System to be made by the State for each  
21 fiscal year shall be an amount determined by the System to be  
22 sufficient to bring the total assets of the System up to 90% of  
23 the total actuarial liabilities of the System by the end of  
24 State fiscal year 2045. In making these determinations, the  
25 required State contribution shall be calculated each year as a  
26 level percentage of payroll over the years remaining to and

1 including fiscal year 2045 and shall be determined under the  
2 projected unit credit actuarial cost method.

3 For State fiscal years 1996 through 2005, the State  
4 contribution to the System, as a percentage of the applicable  
5 employee payroll, shall be increased in equal annual increments  
6 so that by State fiscal year 2011, the State is contributing at  
7 the rate required under this Section; except that (i) for State  
8 fiscal year 1998, for all purposes of this Code and any other  
9 law of this State, the certified percentage of the applicable  
10 employee payroll shall be 5.052% for employees earning eligible  
11 creditable service under Section 14-110 and 6.500% for all  
12 other employees, notwithstanding any contrary certification  
13 made under Section 14-135.08 before the effective date of this  
14 amendatory Act of 1997, and (ii) in the following specified  
15 State fiscal years, the State contribution to the System shall  
16 not be less than the following indicated percentages of the  
17 applicable employee payroll, even if the indicated percentage  
18 will produce a State contribution in excess of the amount  
19 otherwise required under this subsection and subsection (a):  
20 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY  
21 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

22 Notwithstanding any other provision of this Article, the  
23 total required State contribution to the System for State  
24 fiscal year 2006 is \$203,783,900.

25 Notwithstanding any other provision of this Article, the  
26 total required State contribution to the System for State

1 fiscal year 2007 is \$344,164,400.

2 For each of State fiscal years 2008 through 2009, the State  
3 contribution to the System, as a percentage of the applicable  
4 employee payroll, shall be increased in equal annual increments  
5 from the required State contribution for State fiscal year  
6 2007, so that by State fiscal year 2011, the State is  
7 contributing at the rate otherwise required under this Section.

8 Notwithstanding any other provision of this Article, the  
9 total required State General Revenue Fund contribution for  
10 State fiscal year 2010 is \$723,703,100 and shall be made from  
11 the proceeds of bonds sold in fiscal year 2010 pursuant to  
12 Section 7.2 of the General Obligation Bond Act, less (i) the  
13 pro rata share of bond sale expenses determined by the System's  
14 share of total bond proceeds, (ii) any amounts received from  
15 the General Revenue Fund in fiscal year 2010, and (iii) any  
16 reduction in bond proceeds due to the issuance of discounted  
17 bonds, if applicable.

18 Notwithstanding any other provision of this Article, the  
19 total required State General Revenue Fund contribution for  
20 State fiscal year 2011 is the amount recertified by the System  
21 on or before April 1, 2011 pursuant to Section 14-135.08 and  
22 shall be made from the proceeds of bonds sold in fiscal year  
23 2011 pursuant to Section 7.2 of the General Obligation Bond  
24 Act, less (i) the pro rata share of bond sale expenses  
25 determined by the System's share of total bond proceeds, (ii)  
26 any amounts received from the General Revenue Fund in fiscal

1 year 2011, and (iii) any reduction in bond proceeds due to the  
2 issuance of discounted bonds, if applicable.

3 Beginning in State fiscal year 2045, the minimum State  
4 contribution for each fiscal year shall be the amount needed to  
5 maintain the total assets of the System at 100% of the total  
6 actuarial liabilities of the System.

7 ~~Beginning in State fiscal year 2046, the minimum State~~  
8 ~~contribution for each fiscal year shall be the amount needed to~~  
9 ~~maintain the total assets of the System at 90% of the total~~  
10 ~~actuarial liabilities of the System.~~

11 Amounts received by the System pursuant to Section 25 of  
12 the Budget Stabilization Act or Section 8.12 of the State  
13 Finance Act in any fiscal year do not reduce and do not  
14 constitute payment of any portion of the minimum State  
15 contribution required under this Article in that fiscal year.  
16 Such amounts shall not reduce, and shall not be included in the  
17 calculation of, the required State contributions under this  
18 Article in any future year until the System has reached a  
19 funding ratio of at least 100% ~~90%~~. A reference in this Article  
20 to the "required State contribution" or any substantially  
21 similar term does not include or apply to any amounts payable  
22 to the System under Section 25 of the Budget Stabilization Act.

23 Notwithstanding any other provision of this Section, the  
24 required State contribution for State fiscal year 2005 and for  
25 fiscal year 2008 and each fiscal year thereafter through State  
26 fiscal year 2014, as calculated under this Section and

1 certified under Section 14-135.08, shall not exceed an amount  
2 equal to (i) the amount of the required State contribution that  
3 would have been calculated under this Section for that fiscal  
4 year if the System had not received any payments under  
5 subsection (d) of Section 7.2 of the General Obligation Bond  
6 Act, minus (ii) the portion of the State's total debt service  
7 payments for that fiscal year on the bonds issued in fiscal  
8 year 2003 for the purposes of that Section 7.2, as determined  
9 and certified by the Comptroller, that is the same as the  
10 System's portion of the total moneys distributed under  
11 subsection (d) of Section 7.2 of the General Obligation Bond  
12 Act. In determining this maximum for State fiscal years 2008  
13 through 2010, however, the amount referred to in item (i) shall  
14 be increased, as a percentage of the applicable employee  
15 payroll, in equal increments calculated from the sum of the  
16 required State contribution for State fiscal year 2007 plus the  
17 applicable portion of the State's total debt service payments  
18 for fiscal year 2007 on the bonds issued in fiscal year 2003  
19 for the purposes of Section 7.2 of the General Obligation Bond  
20 Act, so that, by State fiscal year 2011, the State is  
21 contributing at the rate otherwise required under this Section.

22 (f) After the submission of all payments for eligible  
23 employees from personal services line items in fiscal year 2004  
24 have been made, the Comptroller shall provide to the System a  
25 certification of the sum of all fiscal year 2004 expenditures  
26 for personal services that would have been covered by payments



1 to the System under this Section if the provisions of this  
2 amendatory Act of the 93rd General Assembly had not been  
3 enacted. Upon receipt of the certification, the System shall  
4 determine the amount due to the System based on the full rate  
5 certified by the Board under Section 14-135.08 for fiscal year  
6 2004 in order to meet the State's obligation under this  
7 Section. The System shall compare this amount due to the amount  
8 received by the System in fiscal year 2004 through payments  
9 under this Section and under Section 6z-61 of the State Finance  
10 Act. If the amount due is more than the amount received, the  
11 difference shall be termed the "Fiscal Year 2004 Shortfall" for  
12 purposes of this Section, and the Fiscal Year 2004 Shortfall  
13 shall be satisfied under Section 1.2 of the State Pension Funds  
14 Continuing Appropriation Act. If the amount due is less than  
15 the amount received, the difference shall be termed the "Fiscal  
16 Year 2004 Overpayment" for purposes of this Section, and the  
17 Fiscal Year 2004 Overpayment shall be repaid by the System to  
18 the Pension Contribution Fund as soon as practicable after the  
19 certification.

20 (g) For purposes of determining the required State  
21 contribution to the System, the value of the System's assets  
22 shall be equal to the actuarial value of the System's assets,  
23 which shall be calculated as follows:

24 As of June 30, 2008, the actuarial value of the System's  
25 assets shall be equal to the market value of the assets as of  
26 that date. In determining the actuarial value of the System's

1 assets for fiscal years after June 30, 2008, any actuarial  
2 gains or losses from investment return incurred in a fiscal  
3 year shall be recognized in equal annual amounts over the  
4 5-year period following that fiscal year.

5 (h) For purposes of determining the required State  
6 contribution to the System for a particular year, the actuarial  
7 value of assets shall be assumed to earn a rate of return equal  
8 to the System's actuarially assumed rate of return.

9 (i) After the submission of all payments for eligible  
10 employees from personal services line items paid from the  
11 General Revenue Fund in fiscal year 2010 have been made, the  
12 Comptroller shall provide to the System a certification of the  
13 sum of all fiscal year 2010 expenditures for personal services  
14 that would have been covered by payments to the System under  
15 this Section if the provisions of this amendatory Act of the  
16 96th General Assembly had not been enacted. Upon receipt of the  
17 certification, the System shall determine the amount due to the  
18 System based on the full rate certified by the Board under  
19 Section 14-135.08 for fiscal year 2010 in order to meet the  
20 State's obligation under this Section. The System shall compare  
21 this amount due to the amount received by the System in fiscal  
22 year 2010 through payments under this Section. If the amount  
23 due is more than the amount received, the difference shall be  
24 termed the "Fiscal Year 2010 Shortfall" for purposes of this  
25 Section, and the Fiscal Year 2010 Shortfall shall be satisfied  
26 under Section 1.2 of the State Pension Funds Continuing

1 Appropriation Act. If the amount due is less than the amount  
2 received, the difference shall be termed the "Fiscal Year 2010  
3 Overpayment" for purposes of this Section, and the Fiscal Year  
4 2010 Overpayment shall be repaid by the System to the General  
5 Revenue Fund as soon as practicable after the certification.

6 (j) After the submission of all payments for eligible  
7 employees from personal services line items paid from the  
8 General Revenue Fund in fiscal year 2011 have been made, the  
9 Comptroller shall provide to the System a certification of the  
10 sum of all fiscal year 2011 expenditures for personal services  
11 that would have been covered by payments to the System under  
12 this Section if the provisions of this amendatory Act of the  
13 96th General Assembly had not been enacted. Upon receipt of the  
14 certification, the System shall determine the amount due to the  
15 System based on the full rate certified by the Board under  
16 Section 14-135.08 for fiscal year 2011 in order to meet the  
17 State's obligation under this Section. The System shall compare  
18 this amount due to the amount received by the System in fiscal  
19 year 2011 through payments under this Section. If the amount  
20 due is more than the amount received, the difference shall be  
21 termed the "Fiscal Year 2011 Shortfall" for purposes of this  
22 Section, and the Fiscal Year 2011 Shortfall shall be satisfied  
23 under Section 1.2 of the State Pension Funds Continuing  
24 Appropriation Act. If the amount due is less than the amount  
25 received, the difference shall be termed the "Fiscal Year 2011  
26 Overpayment" for purposes of this Section, and the Fiscal Year

1 2011 Overpayment shall be repaid by the System to the General  
2 Revenue Fund as soon as practicable after the certification.

3 (k) For fiscal years 2012 through 2014 only, after the  
4 submission of all payments for eligible employees from personal  
5 services line items paid from the General Revenue Fund in the  
6 fiscal year have been made, the Comptroller shall provide to  
7 the System a certification of the sum of all expenditures in  
8 the fiscal year for personal services. Upon receipt of the  
9 certification, the System shall determine the amount due to the  
10 System based on the full rate certified by the Board under  
11 Section 14-135.08 for the fiscal year in order to meet the  
12 State's obligation under this Section. The System shall compare  
13 this amount due to the amount received by the System for the  
14 fiscal year. If the amount due is more than the amount  
15 received, the difference shall be termed the "Prior Fiscal Year  
16 Shortfall" for purposes of this Section, and the Prior Fiscal  
17 Year Shortfall shall be satisfied under Section 1.2 of the  
18 State Pension Funds Continuing Appropriation Act. If the amount  
19 due is less than the amount received, the difference shall be  
20 termed the "Prior Fiscal Year Overpayment" for purposes of this  
21 Section, and the Prior Fiscal Year Overpayment shall be repaid  
22 by the System to the General Revenue Fund as soon as  
23 practicable after the certification.

24 (Source: P.A. 97-72, eff. 7-1-11; 97-732, eff. 6-30-12; 98-24,  
25 eff. 6-19-13.)

1 (40 ILCS 5/14-132) (from Ch. 108 1/2, par. 14-132)

2 Sec. 14-132. Obligations of State; funding guarantee.

3 (a) The payment of the required department contributions,  
4 all allowances, annuities, benefits granted under this  
5 Article, and all expenses of administration of the system are  
6 obligations of the State of Illinois to the extent specified in  
7 this Article.

8 (b) All income of the system shall be credited to a  
9 separate account for this system in the State treasury and  
10 shall be used to pay allowances, annuities, benefits and  
11 administration expense.

12 (c) Beginning July 1, 2014, the State shall be obligated to  
13 contribute to the System in each State fiscal year an amount  
14 not less than the sum of (i) the State's normal cost for the  
15 year and (ii) the portion of the unfunded accrued liability  
16 assigned to that year by law. Notwithstanding any other  
17 provision of law, if the State fails to pay an amount required  
18 under this subsection, it shall be the obligation of the Board  
19 to seek payment of the required amount in compliance with the  
20 provisions of this Section and, if the amount remains unpaid,  
21 to bring a mandamus action in the Supreme Court of Illinois to  
22 compel the State to make the required payment.

23 If the System submits a voucher for contributions required  
24 under Section 14-131 and the State fails to pay that voucher  
25 within 90 days of its receipt, the Board shall submit a written  
26 request to the Comptroller seeking payment. A copy of the

1 request shall be filed with the Secretary of State, and the  
2 Secretary of State shall provide a copy to the Governor and  
3 General Assembly. No earlier than the 16th day after the System  
4 files the request with the Comptroller and Secretary of State,  
5 if the amount remains unpaid the Board shall commence a  
6 mandamus action in the Supreme Court of Illinois to compel the  
7 Comptroller to satisfy the voucher.

8 This subsection (c) constitutes an express waiver of the  
9 State's sovereign immunity solely to the extent that it permits  
10 the Board to commence a mandamus action in the Supreme Court of  
11 Illinois to compel the Comptroller to pay a voucher for the  
12 contributions required under Section 14-131.

13 (d) Beginning in State fiscal year 2016, the State shall be  
14 obligated to make the transfers set forth in subsections (c-5)  
15 and (c-10) of Section 20 of the Budget Stabilization Act and to  
16 pay to the System its proportionate share of the transferred  
17 amounts in accordance with Section 25 of the Budget  
18 Stabilization Act. Notwithstanding any other provision of law,  
19 if the State fails to transfer an amount required under this  
20 subsection or to pay to the System its proportionate share of  
21 the transferred amount in accordance with Section 25 of the  
22 Budget Stabilization Act, it shall be the obligation of the  
23 Board to seek transfer or payment of the required amount in  
24 compliance with the provisions of this Section and, if the  
25 required amount remains untransferred or the required payment  
26 remains unpaid, to bring a mandamus action in the Supreme Court

1 of Illinois to compel the State to make the required transfer  
2 or payment or both, as the case may be.

3 If the State fails to make a transfer required under  
4 subsection (c-5) or (c-10) of Section 20 of the Budget  
5 Stabilization Act or a payment to the System required under  
6 Section 25 of that Act, the Board shall submit a written  
7 request to the Comptroller seeking payment. A copy of the  
8 request shall be filed with the Secretary of State, and the  
9 Secretary of State shall provide a copy to the Governor and  
10 General Assembly. No earlier than the 16th day after the System  
11 files the request with the Comptroller and Secretary of State,  
12 if the required amount remains untransferred or the required  
13 payment remains unpaid, the Board shall commence a mandamus  
14 action in the Supreme Court of Illinois to compel the  
15 Comptroller to make the required transfer or payment or both,  
16 as the case may be.

17 This subsection (d) constitutes an express waiver of the  
18 State's sovereign immunity solely to the extent that it permits  
19 the Board to commence a mandamus action in the Supreme Court of  
20 Illinois to compel the Comptroller to make a transfer required  
21 under subsection (c-5) or (c-10) of Section 20 of the Budget  
22 Stabilization Act and to pay to the System its proportionate  
23 share of the transferred amount in accordance with Section 25  
24 of the Budget Stabilization Act.

25 The obligations created by this subsection (d) expire when  
26 all of the requirements of subsections (c-5) and (c-10) of

1 Section 20 of the Budget Stabilization Act and Section 25 of  
2 the Budget Stabilization Act have been met.

3 (e) Any payments and transfers required to be made by the  
4 State pursuant to subsection (c) or (d) are expressly  
5 subordinate to the payment of the principal, interest, and  
6 premium, if any, on any bonded debt obligation of the State or  
7 any other State-created entity, either currently outstanding  
8 or to be issued, for which the source of repayment or security  
9 thereon is derived directly or indirectly from tax revenues  
10 collected by the State or any other State-created entity.  
11 Payments on such bonded obligations include any statutory fund  
12 transfers or other prefunding mechanisms or formulas set forth,  
13 now or hereafter, in State law or bond indentures, into debt  
14 service funds or accounts of the State related to such bond  
15 obligations, consistent with the payment schedules associated  
16 with such obligations.

17 (Source: P.A. 80-841.)

18 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

19 Sec. 14-133. Contributions on behalf of members.

20 (a) Except as provided in subsection (a-5), each ~~Each~~  
21 participating employee shall make contributions to the System,  
22 based on the employee's compensation, as follows:

23 (1) Covered employees, except as indicated below, 3.5%  
24 for retirement annuity, and 0.5% for a widow or survivors  
25 annuity;



1           (2) Noncovered employees, except as indicated below,  
2           7% for retirement annuity and 1% for a widow or survivors  
3           annuity;

4           (3) Noncovered employees serving in a position in which  
5           "eligible creditable service" as defined in Section 14-110  
6           may be earned, 1% for a widow or survivors annuity plus the  
7           following amount for retirement annuity: 8.5% through  
8           December 31, 2001; 9.5% in 2002; 10.5% in 2003; and 11.5%  
9           in 2004 and thereafter;

10          (4) Covered employees serving in a position in which  
11          "eligible creditable service" as defined in Section 14-110  
12          may be earned, 0.5% for a widow or survivors annuity plus  
13          the following amount for retirement annuity: 5% through  
14          December 31, 2001; 6% in 2002; 7% in 2003; and 8% in 2004  
15          and thereafter;

16          (5) Each security employee of the Department of  
17          Corrections or of the Department of Human Services who is a  
18          covered employee, 0.5% for a widow or survivors annuity  
19          plus the following amount for retirement annuity: 5%  
20          through December 31, 2001; 6% in 2002; 7% in 2003; and 8%  
21          in 2004 and thereafter;

22          (6) Each security employee of the Department of  
23          Corrections or of the Department of Human Services who is  
24          not a covered employee, 1% for a widow or survivors annuity  
25          plus the following amount for retirement annuity: 8.5%  
26          through December 31, 2001; 9.5% in 2002; 10.5% in 2003; and

1 11.5% in 2004 and thereafter.

2 (a-5) Beginning July 1, 2014, in lieu of the contributions  
3 otherwise required under subsection (a), each Tier 1 member who  
4 is a participating employee shall make contributions to the  
5 System, based on his or her compensation, as follows:

6 (1) Covered employees, except as indicated below, 2.5%  
7 for retirement annuity, and 0.5% for a widow or survivors  
8 annuity;

9 (2) Noncovered employees, except as indicated below,  
10 6% for retirement annuity and 1% for a widow or survivors  
11 annuity;

12 (3) Noncovered employees serving in a position in which  
13 "eligible creditable service" as defined in Section 14-110  
14 may be earned, 10.5% for retirement annuity and 1% for a  
15 widow or survivors annuity;

16 (4) Covered employees serving in a position in which  
17 "eligible creditable service" as defined in Section 14-110  
18 may be earned, 7% for retirement annuity and 0.5% for a  
19 widow or survivors annuity;

20 (5) Each security employee of the Department of  
21 Corrections or of the Department of Human Services who is a  
22 covered employee, 7% for retirement annuity and 0.5% for a  
23 widow or survivors annuity;

24 (6) Each security employee of the Department of  
25 Corrections or of the Department of Human Services who is  
26 not a covered employee, 10.5% for retirement annuity and 1%

1           for a widow or survivors annuity.

2           (b) Contributions shall be in the form of a deduction from  
3 compensation and shall be made notwithstanding that the  
4 compensation paid in cash to the employee shall be reduced  
5 thereby below the minimum prescribed by law or regulation. Each  
6 member is deemed to consent and agree to the deductions from  
7 compensation provided for in this Article, and shall receipt in  
8 full for salary or compensation.

9           (Source: P.A. 92-14, eff. 6-28-01.)

10           (40 ILCS 5/14-133.5 new)

11           Sec. 14-133.5. Use of contributions for health care  
12 subsidies. The System shall not use any contribution received  
13 by the System under this Article to provide a subsidy for the  
14 cost of participation in a retiree health care program.

15           (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)

16           Sec. 14-135.08. To certify required State contributions.

17           (a) To certify to the Governor and to each department, on  
18 or before November 15 of each year until November 15, 2011, the  
19 required rate for State contributions to the System for the  
20 next State fiscal year, as determined under subsection (b) of  
21 Section 14-131. The certification to the Governor under this  
22 subsection (a) shall include a copy of the actuarial  
23 recommendations upon which the rate is based and shall  
24 specifically identify the System's projected State normal cost

1 for that fiscal year.

2 (a-5) On or before November 1 of each year, beginning  
3 November 1, 2012, the Board shall submit to the State Actuary,  
4 the Governor, and the General Assembly a proposed certification  
5 of the amount of the required State contribution to the System  
6 for the next fiscal year, along with all of the actuarial  
7 assumptions, calculations, and data upon which that proposed  
8 certification is based. On or before January 1 of each year  
9 beginning January 1, 2013, the State Actuary shall issue a  
10 preliminary report concerning the proposed certification and  
11 identifying, if necessary, recommended changes in actuarial  
12 assumptions that the Board must consider before finalizing its  
13 certification of the required State contributions. On or before  
14 January 15, 2013 and each January 15 thereafter, the Board  
15 shall certify to the Governor and the General Assembly the  
16 amount of the required State contribution for the next fiscal  
17 year. The Board's certification must note any deviations from  
18 the State Actuary's recommended changes, the reason or reasons  
19 for not following the State Actuary's recommended changes, and  
20 the fiscal impact of not following the State Actuary's  
21 recommended changes on the required State contribution.

22 (a-10) For purposes of Section (c-5) of Section 20 of the  
23 Budget Stabilization Act, on or before November 1 of each year  
24 beginning November 1, 2014, the Board shall determine the  
25 amount of the State contribution to the System that would have  
26 been required for the next fiscal year if this amendatory Act

1 of the 98th General Assembly had not taken effect, using the  
2 best and most recent available data but based on the law in  
3 effect on May 31, 2014. The Board shall submit to the State  
4 Actuary, the Governor, and the General Assembly a proposed  
5 certification, along with the relevant law, actuarial  
6 assumptions, calculations, and data upon which that  
7 certification is based. On or before January 1, 2015 and every  
8 January 1 thereafter, the State Actuary shall issue a  
9 preliminary report concerning the proposed certification and  
10 identifying, if necessary, recommended changes in actuarial  
11 assumptions that the Board must consider before finalizing its  
12 certification. On or before January 15, 2015 and every January  
13 1 thereafter, the Board shall certify to the Governor and the  
14 General Assembly the amount of the State contribution to the  
15 System that would have been required for the next fiscal year  
16 if this amendatory Act of the 98th General Assembly had not  
17 taken effect, using the best and most recent available data but  
18 based on the law in effect on May 31, 2014. The Board's  
19 certification must note any deviations from the State Actuary's  
20 recommended changes, the reason or reasons for not following  
21 the State Actuary's recommended changes, and the impact of not  
22 following the State Actuary's recommended changes.

23 (b) The certifications under subsections (a) and (a-5)  
24 shall include an additional amount necessary to pay all  
25 principal of and interest on those general obligation bonds due  
26 the next fiscal year authorized by Section 7.2(a) of the

1 General Obligation Bond Act and issued to provide the proceeds  
2 deposited by the State with the System in July 2003,  
3 representing deposits other than amounts reserved under  
4 Section 7.2(c) of the General Obligation Bond Act. For State  
5 fiscal year 2005, the Board shall make a supplemental  
6 certification of the additional amount necessary to pay all  
7 principal of and interest on those general obligation bonds due  
8 in State fiscal years 2004 and 2005 authorized by Section  
9 7.2(a) of the General Obligation Bond Act and issued to provide  
10 the proceeds deposited by the State with the System in July  
11 2003, representing deposits other than amounts reserved under  
12 Section 7.2(c) of the General Obligation Bond Act, as soon as  
13 practical after the effective date of this amendatory Act of  
14 the 93rd General Assembly.

15 On or before May 1, 2004, the Board shall recalculate and  
16 recertify to the Governor and to each department the amount of  
17 the required State contribution to the System and the required  
18 rates for State contributions to the System for State fiscal  
19 year 2005, taking into account the amounts appropriated to and  
20 received by the System under subsection (d) of Section 7.2 of  
21 the General Obligation Bond Act.

22 On or before July 1, 2005, the Board shall recalculate and  
23 recertify to the Governor and to each department the amount of  
24 the required State contribution to the System and the required  
25 rates for State contributions to the System for State fiscal  
26 year 2006, taking into account the changes in required State

1 contributions made by this amendatory Act of the 94th General  
2 Assembly.

3 On or before April 1, 2011, the Board shall recalculate and  
4 recertify to the Governor and to each department the amount of  
5 the required State contribution to the System for State fiscal  
6 year 2011, applying the changes made by Public Act 96-889 to  
7 the System's assets and liabilities as of June 30, 2009 as  
8 though Public Act 96-889 was approved on that date.

9 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;  
10 97-694, eff. 6-18-12.)

11 (40 ILCS 5/14-152.1)

12 Sec. 14-152.1. Application and expiration of new benefit  
13 increases.

14 (a) As used in this Section, "new benefit increase" means  
15 an increase in the amount of any benefit provided under this  
16 Article, or an expansion of the conditions of eligibility for  
17 any benefit under this Article, that results from an amendment  
18 to this Code that takes effect after June 1, 2005 (the  
19 effective date of Public Act 94-4). "New benefit increase",  
20 however, does not include any benefit increase resulting from  
21 the changes made to this Article by Public Act 96-37 or by this  
22 amendatory Act of the 98th ~~96th~~ General Assembly.

23 (b) Notwithstanding any other provision of this Code or any  
24 subsequent amendment to this Code, every new benefit increase  
25 is subject to this Section and shall be deemed to be granted

1 only in conformance with and contingent upon compliance with  
2 the provisions of this Section.

3 (c) The Public Act enacting a new benefit increase must  
4 identify and provide for payment to the System of additional  
5 funding at least sufficient to fund the resulting annual  
6 increase in cost to the System as it accrues.

7 Every new benefit increase is contingent upon the General  
8 Assembly providing the additional funding required under this  
9 subsection. The Commission on Government Forecasting and  
10 Accountability shall analyze whether adequate additional  
11 funding has been provided for the new benefit increase and  
12 shall report its analysis to the Public Pension Division of the  
13 Department of Insurance ~~Financial and Professional Regulation~~.

14 A new benefit increase created by a Public Act that does not  
15 include the additional funding required under this subsection  
16 is null and void. If the Public Pension Division determines  
17 that the additional funding provided for a new benefit increase  
18 under this subsection is or has become inadequate, it may so  
19 certify to the Governor and the State Comptroller and, in the  
20 absence of corrective action by the General Assembly, the new  
21 benefit increase shall expire at the end of the fiscal year in  
22 which the certification is made.

23 (d) Every new benefit increase shall expire 5 years after  
24 its effective date or on such earlier date as may be specified  
25 in the language enacting the new benefit increase or provided  
26 under subsection (c). This does not prevent the General



1 Assembly from extending or re-creating a new benefit increase  
2 by law.

3 (e) Except as otherwise provided in the language creating  
4 the new benefit increase, a new benefit increase that expires  
5 under this Section continues to apply to persons who applied  
6 and qualified for the affected benefit while the new benefit  
7 increase was in effect and to the affected beneficiaries and  
8 alternate payees of such persons, but does not apply to any  
9 other person, including without limitation a person who  
10 continues in service after the expiration date and did not  
11 apply and qualify for the affected benefit while the new  
12 benefit increase was in effect.

13 (Source: P.A. 96-37, eff. 7-13-09.)

14 (40 ILCS 5/14-155 new)

15 Sec. 14-155. Defined contribution plan.

16 (a) By July 1, 2015, the System shall prepare and implement  
17 a voluntary defined contribution plan for up to 5% of eligible  
18 active Tier 1 members. The System shall determine the 5% cap by  
19 determining the number of Tier 1 active employees on the  
20 effective date of this Section. The defined contribution plan  
21 developed under this Section shall be a plan that aggregates  
22 employer and employee contributions in individual participant  
23 accounts which, after meeting any other requirements, are used  
24 for payouts after retirement in accordance with this Section  
25 and any other applicable laws.

1       As used in this Section, "defined benefit plan" means the  
2 retirement plan available under this Article to Tier 1 members  
3 who have not made the election authorized under this Section.

4       (1) Under the defined contribution plan, an active Tier  
5 1 member of this System could elect to cease accruing  
6 benefits in the defined benefit plan under this Article and  
7 begin accruing benefits for future service in the defined  
8 contribution plan. Service credit under the defined  
9 contribution plan may be used for determining retirement  
10 eligibility under the defined benefit plan.

11       (2) Participants in the defined contribution plan  
12 shall pay employee contributions at the same rate as Tier 1  
13 members in this System who do not participate in the  
14 defined contribution plan.

15       (3) State contributions shall be paid into the accounts  
16 of all participants in the defined contribution plan at a  
17 uniform rate, expressed as a percentage of compensation and  
18 determined for each year. This rate shall be no higher than  
19 the employer's normal cost for Tier 1 members in the  
20 defined benefit plan for that year, as determined by the  
21 System and expressed as a percentage of compensation, and  
22 shall be no lower than 3% of compensation. The State shall  
23 adjust this rate annually.

24       (4) The defined contribution plan shall require 5 years  
25 of participation in the defined contribution plan before  
26 vesting in State contributions. If the participant fails to

1 vest in them, the State contributions, and the earnings  
2 thereon, shall be forfeited.

3 (5) The defined contribution plan may provide for  
4 participants in the plan to be eligible for the defined  
5 disability benefits available to other participants under  
6 this Article. If it does, the System shall reduce the  
7 employee contributions credited to the member's defined  
8 contribution plan account by an amount determined by the  
9 System to cover the cost of offering such benefits.

10 (6) The defined contribution plan shall provide a  
11 variety of options for investments. These options shall  
12 include investments handled by the Illinois State Board of  
13 Investment as well as private sector investment options.

14 (7) The defined contribution plan shall provide a  
15 variety of options for payouts to retirees and their  
16 survivors.

17 (8) To the extent authorized under federal law and as  
18 authorized by the System, the plan shall allow former  
19 participants in the plan to transfer or roll over employee  
20 and vested State contributions, and the earnings thereon,  
21 into other qualified retirement plans.

22 (9) The System shall reduce the employee contributions  
23 credited to the member's defined contribution plan account  
24 by an amount determined by the System to cover the cost of  
25 offering these benefits and any applicable administrative  
26 fees.

1       (b) Only persons who are active Tier 1 members of the  
2 System on the effective date of this Section are eligible to  
3 participate in the defined contribution plan. Participation in  
4 the defined contribution plan shall be limited to the first 5%  
5 of eligible persons who elect to participate. The election to  
6 participate in the defined contribution plan is voluntary and  
7 irrevocable.

8       (c) An eligible Tier 1 employee may irrevocably elect to  
9 participate in the defined contribution plan by filing with the  
10 System a written application to participate that is received by  
11 the System prior to its determination that 5% of eligible  
12 persons have elected to participate in the defined contribution  
13 plan.

14       When the System first determines that 5% of eligible  
15 persons have elected to participate in the defined contribution  
16 plan, the System shall provide notice to previously eligible  
17 employees that the plan is no longer available and shall cease  
18 accepting applications to participate.

19       (d) The System shall make a good faith effort to contact  
20 each active Tier 1 member who is eligible to participate in the  
21 defined contribution plan. The System shall mail information  
22 describing the option to join the defined contribution plan to  
23 each of these employees to his or her last known address on  
24 file with the System. If the employee is not responsive to  
25 other means of contact, it is sufficient for the System to  
26 publish the details of the option on its website.

1       Upon request for further information describing the  
2 option, the System shall provide employees with information  
3 from the System before exercising the option to join the plan,  
4 including information on the impact to their vested benefits or  
5 non-vested service. The individual consultation shall include  
6 projections of the member's defined benefits at retirement or  
7 earlier termination of service and the value of the member's  
8 account at retirement or earlier termination of service. The  
9 System shall not provide advice or counseling with respect to  
10 whether the employee should exercise the option. The System  
11 shall inform Tier 1 employees who are eligible to participate  
12 in the defined contribution plan that they may also wish to  
13 obtain information and counsel relating to their option from  
14 any other available source, including but not limited to labor  
15 organizations, private counsel, and financial advisors.

16       (e) In no event shall the System, its staff, its authorized  
17 representatives, or the Board be liable for any information  
18 given to an employee under this Section. The System may  
19 coordinate with the Illinois Department of Central Management  
20 Services and other retirement systems administering a defined  
21 contribution plan in accordance with this amendatory Act of the  
22 98th General Assembly to provide information concerning the  
23 impact of the option set forth in this Section.

24       (f) Notwithstanding any other provision of this Section, no  
25 person shall begin participating in the defined contribution  
26 plan until it has attained qualified plan status and received

1 all necessary approvals from the U.S. Internal Revenue Service.

2 (g) The System shall report on its progress under this  
3 Section, including the available details of the defined  
4 contribution plan and the System's plans for informing eligible  
5 Tier 1 members about the plan, to the Governor and the General  
6 Assembly on or before January 15, 2015.

7 (40 ILCS 5/14-156 new)

8 Sec. 14-156. Defined contribution plan; termination. If  
9 the defined contribution plan is terminated or becomes  
10 inoperative pursuant to law, then each participant in the plan  
11 shall automatically be deemed to have been a contributing Tier  
12 1 member in the System's defined benefit plan during the time  
13 in which he or she participated in the defined contribution  
14 plan, and for that purpose the System shall be entitled to  
15 recover the amounts in the participant's defined contribution  
16 accounts.

17 (40 ILCS 5/15-106) (from Ch. 108 1/2, par. 15-106)

18 Sec. 15-106. Employer. "Employer": The University of  
19 Illinois, Southern Illinois University, Chicago State  
20 University, Eastern Illinois University, Governors State  
21 University, Illinois State University, Northeastern Illinois  
22 University, Northern Illinois University, Western Illinois  
23 University, the State Board of Higher Education, the Illinois  
24 Mathematics and Science Academy, the University Civil Service

1 Merit Board, the Board of Trustees of the State Universities  
2 Retirement System, the Illinois Community College Board,  
3 community college boards, any association of community college  
4 boards organized under Section 3-55 of the Public Community  
5 College Act, the Board of Examiners established under the  
6 Illinois Public Accounting Act, and, only during the period for  
7 which employer contributions required under Section 15-155 are  
8 paid, the following organizations: the alumni associations,  
9 the foundations and the athletic associations which are  
10 affiliated with the universities and colleges included in this  
11 Section as employers. An individual that begins employment  
12 after the effective date of this amendatory Act of the 98th  
13 General Assembly with an entity not defined as an employer in  
14 this Section shall not be deemed an employee for the purposes  
15 of this Article with respect to that employment and shall not  
16 be eligible to participate in the System with respect to that  
17 employment; provided, however, that those individuals who are  
18 both employed and already participants in the System on the  
19 effective date of this amendatory Act of the 98th General  
20 Assembly shall be allowed to continue as participants in the  
21 System for the duration of that employment and continue to earn  
22 service credit.

23 Notwithstanding any provision of law to the contrary, an  
24 individual who begins employment with any of the following  
25 employers on or after the effective date of this amendatory Act  
26 of the 98th General Assembly shall not be deemed an employee

1 and shall not be eligible to participate in the System with  
2 respect to that employment: any association of community  
3 college boards organized under Section 3-55 of the Public  
4 Community College Act, the Association of Illinois  
5 Middle-Grade Schools, the Illinois Association of School  
6 Administrators, the Illinois Association for Supervision and  
7 Curriculum Development, the Illinois Principals Association,  
8 the Illinois Association of School Business Officials, or the  
9 Illinois Special Olympics; provided, however, that those  
10 individuals who are both employed and already participants in  
11 the System on the effective date of this amendatory Act of the  
12 98th General Assembly shall be allowed to continue as  
13 participants in the System for the duration of that employment  
14 and continue to earn service credit.

15 A department as defined in Section 14-103.04 is an employer  
16 for any person appointed by the Governor under the Civil  
17 Administrative Code of Illinois who is a participating employee  
18 as defined in Section 15-109. The Department of Central  
19 Management Services is an employer with respect to persons  
20 employed by the State Board of Higher Education in positions  
21 with the Illinois Century Network as of June 30, 2004 who  
22 remain continuously employed after that date by the Department  
23 of Central Management Services in positions with the Illinois  
24 Century Network, the Bureau of Communication and Computer  
25 Services, or, if applicable, any successor bureau.

26 The cities of Champaign and Urbana shall be considered



1 employers, but only during the period for which contributions  
2 are required to be made under subsection (b-1) of Section  
3 15-155 and only with respect to individuals described in  
4 subsection (h) of Section 15-107.

5 (Source: P.A. 95-369, eff. 8-23-07; 95-728, eff. 7-1-08 - See  
6 Sec. 999.)

7 (40 ILCS 5/15-107) (from Ch. 108 1/2, par. 15-107)  
8 Sec. 15-107. Employee.

9 (a) "Employee" means any member of the educational,  
10 administrative, secretarial, clerical, mechanical, labor or  
11 other staff of an employer whose employment is permanent and  
12 continuous or who is employed in a position in which services  
13 are expected to be rendered on a continuous basis for at least  
14 4 months or one academic term, whichever is less, who (A)  
15 receives payment for personal services on a warrant issued  
16 pursuant to a payroll voucher certified by an employer and  
17 drawn by the State Comptroller upon the State Treasurer or by  
18 an employer upon trust, federal or other funds, or (B) is on a  
19 leave of absence without pay. Employment which is irregular,  
20 intermittent or temporary shall not be considered continuous  
21 for purposes of this paragraph.

22 However, a person is not an "employee" if he or she:

23 (1) is a student enrolled in and regularly attending  
24 classes in a college or university which is an employer,  
25 and is employed on a temporary basis at less than full

1 time;

2 (2) is currently receiving a retirement annuity or a  
3 disability retirement annuity under Section 15-153.2 from  
4 this System;

5 (3) is on a military leave of absence;

6 (4) is eligible to participate in the Federal Civil  
7 Service Retirement System and is currently making  
8 contributions to that system based upon earnings paid by an  
9 employer;

10 (5) is on leave of absence without pay for more than 60  
11 days immediately following termination of disability  
12 benefits under this Article;

13 (6) is hired after June 30, 1979 as a public service  
14 employment program participant under the Federal  
15 Comprehensive Employment and Training Act and receives  
16 earnings in whole or in part from funds provided under that  
17 Act; or

18 (7) is employed on or after July 1, 1991 to perform  
19 services that are excluded by subdivision (a)(7)(f) or  
20 (a)(19) of Section 210 of the federal Social Security Act  
21 from the definition of employment given in that Section (42  
22 U.S.C. 410).

23 (b) Any employer may, by filing a written notice with the  
24 board, exclude from the definition of "employee" all persons  
25 employed pursuant to a federally funded contract entered into  
26 after July 1, 1982 with a federal military department in a

1 program providing training in military courses to federal  
2 military personnel on a military site owned by the United  
3 States Government, if this exclusion is not prohibited by the  
4 federally funded contract or federal laws or rules governing  
5 the administration of the contract.

6 (c) Any person appointed by the Governor under the Civil  
7 Administrative Code of the State is an employee, if he or she  
8 is a participant in this system on the effective date of the  
9 appointment.

10 (d) A participant on lay-off status under civil service  
11 rules is considered an employee for not more than 120 days from  
12 the date of the lay-off.

13 (e) A participant is considered an employee during (1) the  
14 first 60 days of disability leave, (2) the period, not to  
15 exceed one year, in which his or her eligibility for disability  
16 benefits is being considered by the board or reviewed by the  
17 courts, and (3) the period he or she receives disability  
18 benefits under the provisions of Section 15-152, workers'  
19 compensation or occupational disease benefits, or disability  
20 income under an insurance contract financed wholly or partially  
21 by the employer.

22 (f) Absences without pay, other than formal leaves of  
23 absence, of less than 30 calendar days, are not considered as  
24 an interruption of a person's status as an employee. If such  
25 absences during any period of 12 months exceed 30 work days,  
26 the employee status of the person is considered as interrupted

1 as of the 31st work day.

2 (g) A staff member whose employment contract requires  
3 services during an academic term is to be considered an  
4 employee during the summer and other vacation periods, unless  
5 he or she declines an employment contract for the succeeding  
6 academic term or his or her employment status is otherwise  
7 terminated, and he or she receives no earnings during these  
8 periods.

9 (h) An individual who was a participating employee employed  
10 in the fire department of the University of Illinois's  
11 Champaign-Urbana campus immediately prior to the elimination  
12 of that fire department and who immediately after the  
13 elimination of that fire department became employed by the fire  
14 department of the City of Urbana or the City of Champaign shall  
15 continue to be considered as an employee for purposes of this  
16 Article for so long as the individual remains employed as a  
17 firefighter by the City of Urbana or the City of Champaign. The  
18 individual shall cease to be considered an employee under this  
19 subsection (h) upon the first termination of the individual's  
20 employment as a firefighter by the City of Urbana or the City  
21 of Champaign.

22 (i) An individual who is employed on a full-time basis as  
23 an officer or employee of a statewide teacher organization that  
24 serves System participants or an officer of a national teacher  
25 organization that serves System participants may participate  
26 in the System and shall be deemed an employee, provided that

1 (1) the individual has previously earned creditable service  
2 under this Article, (2) the individual files with the System an  
3 irrevocable election to become a participant before the  
4 effective date of this amendatory Act of the 97th General  
5 Assembly, (3) the individual does not receive credit for that  
6 employment under any other Article of this Code, and (4) the  
7 individual first became a full-time employee of the teacher  
8 organization and becomes a participant before the effective  
9 date of this amendatory Act of the 97th General Assembly. An  
10 employee under this subsection (i) is responsible for paying to  
11 the System both (A) employee contributions based on the actual  
12 compensation received for service with the teacher  
13 organization and (B) employer contributions equal to the normal  
14 costs (as defined in Section 15-155) resulting from that  
15 service; all or any part of these contributions may be paid on  
16 the employee's behalf or picked up for tax purposes (if  
17 authorized under federal law) by the teacher organization.

18 A person who is an employee as defined in this subsection  
19 (i) may establish service credit for similar employment prior  
20 to becoming an employee under this subsection by paying to the  
21 System for that employment the contributions specified in this  
22 subsection, plus interest at the effective rate from the date  
23 of service to the date of payment. However, credit shall not be  
24 granted under this subsection for any such prior employment for  
25 which the applicant received credit under any other provision  
26 of this Code, or during which the applicant was on a leave of

1 absence under Section 15-113.2.

2 (j) A person employed by the State Board of Higher  
3 Education in a position with the Illinois Century Network as of  
4 June 30, 2004 shall be considered to be an employee for so long  
5 as he or she remains continuously employed after that date by  
6 the Department of Central Management Services in a position  
7 with the Illinois Century Network, the Bureau of Communication  
8 and Computer Services, or, if applicable, any successor bureau  
9 and meets the requirements of subsection (a).

10 (k) In the case of doubt as to whether any person is an  
11 employee within the meaning of this Section, the decision of  
12 the Board shall be final.

13 (Source: P.A. 97-651, eff. 1-5-12.)

14 (40 ILCS 5/15-111) (from Ch. 108 1/2, par. 15-111)  
15 Sec. 15-111. Earnings.

16 (a) "Earnings": An amount paid for personal services equal  
17 to the sum of the basic compensation plus extra compensation  
18 for summer teaching, overtime or other extra service. For  
19 periods for which an employee receives service credit under  
20 subsection (c) of Section 15-113.1 or Section 15-113.2,  
21 earnings are equal to the basic compensation on which  
22 contributions are paid by the employee during such periods.  
23 Compensation for employment which is irregular, intermittent  
24 and temporary shall not be considered earnings, unless the  
25 participant is also receiving earnings from the employer as an

1 employee under Section 15-107.

2 With respect to transition pay paid by the University of  
3 Illinois to a person who was a participating employee employed  
4 in the fire department of the University of Illinois's  
5 Champaign-Urbana campus immediately prior to the elimination  
6 of that fire department:

7 (1) "Earnings" includes transition pay paid to the  
8 employee on or after the effective date of this amendatory  
9 Act of the 91st General Assembly.

10 (2) "Earnings" includes transition pay paid to the  
11 employee before the effective date of this amendatory Act  
12 of the 91st General Assembly only if (i) employee  
13 contributions under Section 15-157 have been withheld from  
14 that transition pay or (ii) the employee pays to the System  
15 before January 1, 2001 an amount representing employee  
16 contributions under Section 15-157 on that transition pay.  
17 Employee contributions under item (ii) may be paid in a  
18 lump sum, by withholding from additional transition pay  
19 accruing before January 1, 2001, or in any other manner  
20 approved by the System. Upon payment of the employee  
21 contributions on transition pay, the corresponding  
22 employer contributions become an obligation of the State.

23 (b) For a Tier 2 member, the annual earnings shall not  
24 exceed \$106,800; however, that amount shall annually  
25 thereafter be increased by the lesser of (i) 3% of that amount,  
26 including all previous adjustments, or (ii) one half the annual

1 unadjusted percentage increase (but not less than zero) in the  
2 consumer price index-u for the 12 months ending with the  
3 September preceding each November 1, including all previous  
4 adjustments.

5 For the purposes of this Section, "consumer price index u"  
6 means the index published by the Bureau of Labor Statistics of  
7 the United States Department of Labor that measures the average  
8 change in prices of goods and services purchased by all urban  
9 consumers, United States city average, all items, 1982-84 =  
10 100. The new amount resulting from each annual adjustment shall  
11 be determined by the Public Pension Division of the Department  
12 of Insurance and made available to the boards of the retirement  
13 systems and pension funds by November 1 of each year.

14 (c) Notwithstanding any other provision of this Code, the  
15 annual earnings of a Tier 1 member for the purposes of this  
16 Code shall not exceed, for periods of service on or after the  
17 effective date of this amendatory Act of the 98th General  
18 Assembly, the greater of (i) the annual limitation determined  
19 from time to time under subsection (b-5) of Section 1-160 of  
20 this Code, (ii) the annualized rate of earnings of the Tier 1  
21 member as of that effective date, or (iii) the annualized rate  
22 of earnings of the Tier 1 member immediately preceding the  
23 expiration, renewal, or amendment of an employment contract or  
24 collective bargaining agreement in effect on that effective  
25 date.

26 (Source: P.A. 98-92, eff. 7-16-13.)



1 (40 ILCS 5/15-112) (from Ch. 108 1/2, par. 15-112)

2 Sec. 15-112. Final rate of earnings. "Final rate of  
3 earnings":

4 (a) This subsection (a) applies only to a Tier 1 member.

5 For an employee who is paid on an hourly basis or who  
6 receives an annual salary in installments during 12 months of  
7 each academic year, the average annual earnings during the 48  
8 consecutive calendar month period ending with the last day of  
9 final termination of employment or the 4 consecutive academic  
10 years of service in which the employee's earnings were the  
11 highest, whichever is greater. For any other employee, the  
12 average annual earnings during the 4 consecutive academic years  
13 of service in which his or her earnings were the highest. For  
14 an employee with less than 48 months or 4 consecutive academic  
15 years of service, the average earnings during his or her entire  
16 period of service. The earnings of an employee with more than  
17 36 months of service prior to the date of becoming a  
18 participant are, for such period, considered equal to the  
19 average earnings during the last 36 months of such service.

20 (b) This subsection (b) applies to a Tier 2 member.

21 For an employee who is paid on an hourly basis or who  
22 receives an annual salary in installments during 12 months of  
23 each academic year, the average annual earnings obtained by  
24 dividing by 8 the total earnings of the employee during the 96  
25 consecutive months in which the total earnings were the highest  
26 within the last 120 months prior to termination.

1           For any other employee, the average annual earnings during  
2 the 8 consecutive academic years within the 10 years prior to  
3 termination in which the employee's earnings were the highest.  
4 For an employee with less than 96 consecutive months or 8  
5 consecutive academic years of service, whichever is necessary,  
6 the average earnings during his or her entire period of  
7 service.

8           (c) For an employee on leave of absence with pay, or on  
9 leave of absence without pay who makes contributions during  
10 such leave, earnings are assumed to be equal to the basic  
11 compensation on the date the leave began.

12           (d) For an employee on disability leave, earnings are  
13 assumed to be equal to the basic compensation on the date  
14 disability occurs or the average earnings during the 24 months  
15 immediately preceding the month in which disability occurs,  
16 whichever is greater.

17           (e) For a Tier 1 member who retires on or after the  
18 effective date of this amendatory Act of 1997 with at least 20  
19 years of service as a firefighter or police officer under this  
20 Article, the final rate of earnings shall be the annual rate of  
21 earnings received by the participant on his or her last day as  
22 a firefighter or police officer under this Article, if that is  
23 greater than the final rate of earnings as calculated under the  
24 other provisions of this Section.

25           (f) If a Tier 1 member is an employee for at least 6 months  
26 during the academic year in which his or her employment is

1 terminated, the annual final rate of earnings shall be 25% of  
2 the sum of (1) the annual basic compensation for that year, and  
3 (2) the amount earned during the 36 months immediately  
4 preceding that year, if this is greater than the final rate of  
5 earnings as calculated under the other provisions of this  
6 Section.

7 (g) In the determination of the final rate of earnings for  
8 an employee, that part of an employee's earnings for any  
9 academic year beginning after June 30, 1997, which exceeds the  
10 employee's earnings with that employer for the preceding year  
11 by more than 20 percent shall be excluded; in the event that an  
12 employee has more than one employer this limitation shall be  
13 calculated separately for the earnings with each employer. In  
14 making such calculation, only the basic compensation of  
15 employees shall be considered, without regard to vacation or  
16 overtime or to contracts for summer employment.

17 (h) The following are not considered as earnings in  
18 determining final rate of earnings: (1) severance or separation  
19 pay, (2) retirement pay, (3) payment for unused sick leave, and  
20 (4) payments from an employer for the period used in  
21 determining final rate of earnings for any purpose other than  
22 (i) services rendered, (ii) leave of absence or vacation  
23 granted during that period, and (iii) vacation of up to 56 work  
24 days allowed upon termination of employment; except that, if  
25 the benefit has been collectively bargained between the  
26 employer and the recognized collective bargaining agent

1 pursuant to the Illinois Educational Labor Relations Act,  
2 payment received during a period of up to 2 academic years for  
3 unused sick leave may be considered as earnings in accordance  
4 with the applicable collective bargaining agreement, subject  
5 to the 20% increase limitation of this Section, and if the  
6 person first becomes a participant on or after the effective  
7 date of this amendatory Act of the 98th General Assembly,  
8 payments for unused sick or vacation time shall not be  
9 considered as earnings. Any unused sick leave considered as  
10 earnings under this Section shall not be taken into account in  
11 calculating service credit under Section 15-113.4.

12 (i) Intermittent periods of service shall be considered as  
13 consecutive in determining final rate of earnings.

14 (Source: P.A. 98-92, eff. 7-16-13.)

15 (40 ILCS 5/15-113.4) (from Ch. 108 1/2, par. 15-113.4)

16 Sec. 15-113.4. Service for unused sick leave. "Service for  
17 unused sick leave": A person who first becomes a participant  
18 before the effective date of this amendatory Act of the 98th  
19 General Assembly and who is an employee under this System or  
20 one of the other systems subject to Article 20 of this Code  
21 within 60 days immediately preceding the date on which his or  
22 her retirement annuity begins, is entitled to credit for  
23 service for that portion of unused sick leave earned in the  
24 course of employment with an employer and credited on the date  
25 of termination of employment by an employer for which payment

1 is not received, in accordance with the following schedule: 30  
2 through 90 full calendar days and 20 through 59 full work days  
3 of unused sick leave, 1/4 of a year of service; 91 through 180  
4 full calendar days and 60 through 119 full work days, 1/2 of a  
5 year of service; 181 through 270 full calendar days and 120  
6 through 179 full work days, 3/4 of a year of service; 271  
7 through 360 full calendar days and 180 through 240 full work  
8 days, one year of service. Only uncompensated, unused sick  
9 leave earned in accordance with an employer's sick leave  
10 accrual policy generally applicable to employees or a class of  
11 employees shall be taken into account in calculating service  
12 credit under this Section. Any uncompensated, unused sick leave  
13 granted by an employer to facilitate the hiring, retirement,  
14 termination, or other special circumstances of an employee  
15 shall not be taken into account in calculating service credit  
16 under this Section. If a participant transfers from one  
17 employer to another, the unused sick leave credited by the  
18 previous employer shall be considered in determining service to  
19 be credited under this Section, even if the participant  
20 terminated service prior to the effective date of P.A. 86-272  
21 (August 23, 1989); if necessary, the retirement annuity shall  
22 be recalculated to reflect such sick leave credit. Each  
23 employer shall certify to the board the number of days of  
24 unused sick leave accrued to the participant's credit on the  
25 date that the participant's status as an employee terminated.  
26 This period of unused sick leave shall not be considered in

1 determining the date the retirement annuity begins. A person  
2 who first becomes a participant on or after the effective date  
3 of this amendatory Act of the 98th General Assembly shall not  
4 receive service credit for unused sick leave.

5 (Source: P.A. 90-65, eff. 7-7-97; 90-511, eff. 8-22-97.)

6 (40 ILCS 5/15-125) (from Ch. 108 1/2, par. 15-125)

7 Sec. 15-125. "Prescribed Rate of Interest; Effective Rate  
8 of Interest".

9 (1) "Prescribed rate of interest": The rate of interest to  
10 be used in actuarial valuations and in development of actuarial  
11 tables as determined by the board on the basis of the probable  
12 average ~~effective~~ rate of interest on a long term basis, based  
13 on factors including the expected investment experience;  
14 historical and expected fluctuations in the market value of  
15 investments; the desirability of minimizing volatility in the  
16 rate of investment earnings from year to year; and the  
17 provision of reserves for anticipated losses upon sales,  
18 redemptions, or other disposition of investments and for  
19 variations in interest experience.

20 (2) "Effective rate of interest": For a fiscal year  
21 concluding no later than June 30, 2014, the ~~The~~ interest rate  
22 for all or any part of a fiscal year that is determined by the  
23 board based on factors including the system's past and expected  
24 investment experience; historical and expected fluctuations in  
25 the market value of investments; the desirability of minimizing

1 volatility in the effective rate of interest from year to year;  
2 and the provision of reserves for anticipated losses upon  
3 sales, redemptions, or other disposition of investments and for  
4 variations in interest experience; except that for the purpose  
5 of determining the accumulated normal contributions used in  
6 calculating retirement annuities under Rule 2 of Section  
7 15-136, the effective rate of interest shall be determined by  
8 the State Comptroller rather than the board. For a fiscal year  
9 concluding no later than June 30, 2014, the ~~The~~ State  
10 Comptroller shall determine the effective rate of interest to  
11 be used for this purpose using the factors listed above, and  
12 shall certify to the board and the Commission on Government  
13 Forecasting and Accountability the rate to be used for this  
14 purpose for fiscal year 2006 as soon as possible after the  
15 effective date of this amendatory Act of the 94th General  
16 Assembly, and for each fiscal year thereafter no later than the  
17 January 31 immediately preceding the start of that fiscal year.

18 For a fiscal year that begins on or after July 1, 2014, the  
19 effective rate of interest for a given fiscal year shall be  
20 equal to the interest rate of 30-year United States Treasury  
21 bonds as of the beginning of that given fiscal year, plus 75  
22 basis points. This effective rate of interest shall not be used  
23 in determining the prescribed rate of interest as defined in  
24 paragraph (1) of this Section.

25 (3) The change made to this Section by Public Acts 90-65  
26 and 90-511 is a clarification of existing law.

1 (Source: P.A. 94-4, eff. 6-1-05; 94-982, eff. 6-30-06.)

2 (40 ILCS 5/15-135) (from Ch. 108 1/2, par. 15-135)  
3 Sec. 15-135. Retirement annuities - Conditions.

4 (a) This subsection (a) applies only to a Tier 1 member. A  
5 participant who retires in one of the following specified years  
6 with the specified amount of service is entitled to a  
7 retirement annuity at any age under the retirement program  
8 applicable to the participant:

- 9 35 years if retirement is in 1997 or before;
- 10 34 years if retirement is in 1998;
- 11 33 years if retirement is in 1999;
- 12 32 years if retirement is in 2000;
- 13 31 years if retirement is in 2001;
- 14 30 years if retirement is in 2002 or later.

15 A participant with 8 or more years of service after  
16 September 1, 1941, is entitled to a retirement annuity on or  
17 after attainment of age 55.

18 A participant with at least 5 but less than 8 years of  
19 service after September 1, 1941, is entitled to a retirement  
20 annuity on or after attainment of age 62.

21 A participant who has at least 25 years of service in this  
22 system as a police officer or firefighter is entitled to a  
23 retirement annuity on or after the attainment of age 50, if  
24 Rule 4 of Section 15-136 is applicable to the participant.

25 (a-3) Notwithstanding subsection (a) of this Section, for a



1 Tier 1 member who begins receiving a retirement annuity under  
2 this Section on or after July 1, 2014, the required retirement  
3 age under subsection (a) is increased as follows, based on the  
4 Tier 1 member's age on June 1, 2014:

5 (1) If he or she is at least age 46 on June 1, 2014,  
6 then the required retirement ages under subsection (a)  
7 remain unchanged.

8 (2) If he or she is at least age 45 but less than age 46  
9 on June 1, 2014, then the required retirement ages under  
10 subsection (a) are increased by 4 months.

11 (3) If he or she is at least age 44 but less than age 45  
12 on June 1, 2014, then the required retirement ages under  
13 subsection (a) are increased by 8 months.

14 (4) If he or she is at least age 43 but less than age 44  
15 on June 1, 2014, then the required retirement ages under  
16 subsection (a) are increased by 12 months.

17 (5) If he or she is at least age 42 but less than age 43  
18 on June 1, 2014, then the required retirement ages under  
19 subsection (a) are increased by 16 months.

20 (6) If he or she is at least age 41 but less than age 42  
21 on June 1, 2014, then the required retirement ages under  
22 subsection (a) are increased by 20 months.

23 (7) If he or she is at least age 40 but less than age 41  
24 on June 1, 2014, then the required retirement ages under  
25 subsection (a) are increased by 24 months.

26 (8) If he or she is at least age 39 but less than age 40

1 on June 1, 2014, then the required retirement ages under  
2 subsection (a) are increased by 28 months.

3 (9) If he or she is at least age 38 but less than age 39  
4 on June 1, 2014, then the required retirement ages under  
5 subsection (a) are increased by 32 months.

6 (10) If he or she is at least age 37 but less than age  
7 38 on June 1, 2014, then the required retirement ages under  
8 subsection (a) are increased by 36 months.

9 (11) If he or she is at least age 36 but less than age  
10 37 on June 1, 2014, then the required retirement ages under  
11 subsection (a) are increased by 40 months.

12 (12) If he or she is at least age 35 but less than age  
13 36 on June 1, 2014, then the required retirement ages under  
14 subsection (a) are increased by 44 months.

15 (13) If he or she is at least age 34 but less than age  
16 35 on June 1, 2014, then the required retirement ages under  
17 subsection (a) are increased by 48 months.

18 (14) If he or she is at least age 33 but less than age  
19 34 on June 1, 2014, then the required retirement ages under  
20 subsection (a) are increased by 52 months.

21 (15) If he or she is at least age 32 but less than age  
22 33 on June 1, 2014, then the required retirement ages under  
23 subsection (a) are increased by 56 months.

24 (16) If he or she is less than age 32 on June 1, 2014,  
25 then the required retirement ages under subsection (a) are  
26 increased by 60 months.

1        Notwithstanding Section 1-103.1, this subsection (a-3)  
2 applies without regard to whether or not the Tier 1 member is  
3 in active service under this Article on or after the effective  
4 date of this amendatory Act of the 98th General Assembly.

5        (a-5) A Tier 2 member is entitled to a retirement annuity  
6 upon written application if he or she has attained age 67 and  
7 has at least 10 years of service credit and is otherwise  
8 eligible under the requirements of this Article. A Tier 2  
9 member who has attained age 62 and has at least 10 years of  
10 service credit and is otherwise eligible under the requirements  
11 of this Article may elect to receive the lower retirement  
12 annuity provided in subsection (b-5) of Section 15-136 of this  
13 Article.

14        (b) The annuity payment period shall begin on the date  
15 specified by the participant or the recipient of a disability  
16 retirement annuity submitting a written application, which  
17 date shall not be prior to termination of employment or more  
18 than one year before the application is received by the board;  
19 however, if the participant is not an employee of an employer  
20 participating in this System or in a participating system as  
21 defined in Article 20 of this Code on April 1 of the calendar  
22 year next following the calendar year in which the participant  
23 attains age 70 1/2, the annuity payment period shall begin on  
24 that date regardless of whether an application has been filed.

25        (c) An annuity is not payable if the amount provided under  
26 Section 15-136 is less than \$10 per month.

1 (Source: P.A. 97-933, eff. 8-10-12; 97-968, eff. 8-16-12;  
2 98-92, eff. 7-16-13.)

3 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

4 Sec. 15-136. Retirement annuities - Amount. The provisions  
5 of this Section 15-136 apply only to those participants who are  
6 participating in the traditional benefit package or the  
7 portable benefit package and do not apply to participants who  
8 are participating in the self-managed plan.

9 (a) The amount of a participant's retirement annuity,  
10 expressed in the form of a single-life annuity, shall be  
11 determined by whichever of the following rules is applicable  
12 and provides the largest annuity:

13 Rule 1: The retirement annuity shall be 1.67% of final rate  
14 of earnings for each of the first 10 years of service, 1.90%  
15 for each of the next 10 years of service, 2.10% for each year  
16 of service in excess of 20 but not exceeding 30, and 2.30% for  
17 each year in excess of 30; or for persons who retire on or  
18 after January 1, 1998, 2.2% of the final rate of earnings for  
19 each year of service.

20 Rule 2: The retirement annuity shall be the sum of the  
21 following, determined from amounts credited to the participant  
22 in accordance with the actuarial tables and the effective rate  
23 of interest in effect at the time the retirement annuity  
24 begins:

25 (i) the normal annuity which can be provided on an

1 actuarially equivalent basis (using the effective rate of  
2 interest in effect at the time of retirement for  
3 retirements occurring on or after July 1, 2014), by the  
4 accumulated normal contributions as of the date the annuity  
5 begins;

6 (ii) an annuity from employer contributions of an  
7 amount equal to that which can be provided on an  
8 actuarially equivalent basis (using the effective rate of  
9 interest in effect at the time of retirement for  
10 retirements occurring on or after July 1, 2014) from the  
11 accumulated normal contributions made by the participant  
12 under Section 15-113.6 and Section 15-113.7 plus 1.4 times  
13 all other accumulated normal contributions made by the  
14 participant; and

15 (iii) the annuity that can be provided on an  
16 actuarially equivalent basis (using the effective rate of  
17 interest in effect at the time of retirement for  
18 retirements occurring on or after July 1, 2014) from the  
19 entire contribution made by the participant under Section  
20 15-113.3.

21 Notwithstanding any other provision of this Rule 2, a  
22 participant's retirement annuity calculated under this Rule 2  
23 shall not be less than the retirement annuity that participant  
24 would have received under this Rule 2 had he or she retired  
25 during the fiscal year preceding the effective date of this  
26 amendatory Act of the 98th General Assembly.

1           With respect to a police officer or firefighter who retires  
2 on or after August 14, 1998, the accumulated normal  
3 contributions taken into account under clauses (i) and (ii) of  
4 this Rule 2 shall include the additional normal contributions  
5 made by the police officer or firefighter under Section  
6 15-157(a).

7           The amount of a retirement annuity calculated under this  
8 Rule 2 shall be computed solely on the basis of the  
9 participant's accumulated normal contributions, as specified  
10 in this Rule and defined in Section 15-116. Neither an employee  
11 or employer contribution for early retirement under Section  
12 15-136.2 nor any other employer contribution shall be used in  
13 the calculation of the amount of a retirement annuity under  
14 this Rule 2.

15           This amendatory Act of the 91st General Assembly is a  
16 clarification of existing law and applies to every participant  
17 and annuitant without regard to whether status as an employee  
18 terminates before the effective date of this amendatory Act.

19           This Rule 2 does not apply to a person who first becomes an  
20 employee under this Article on or after July 1, 2005.

21           Rule 3: The retirement annuity of a participant who is  
22 employed at least one-half time during the period on which his  
23 or her final rate of earnings is based, shall be equal to the  
24 participant's years of service not to exceed 30, multiplied by  
25 (1) \$96 if the participant's final rate of earnings is less  
26 than \$3,500, (2) \$108 if the final rate of earnings is at least

1 \$3,500 but less than \$4,500, (3) \$120 if the final rate of  
2 earnings is at least \$4,500 but less than \$5,500, (4) \$132 if  
3 the final rate of earnings is at least \$5,500 but less than  
4 \$6,500, (5) \$144 if the final rate of earnings is at least  
5 \$6,500 but less than \$7,500, (6) \$156 if the final rate of  
6 earnings is at least \$7,500 but less than \$8,500, (7) \$168 if  
7 the final rate of earnings is at least \$8,500 but less than  
8 \$9,500, and (8) \$180 if the final rate of earnings is \$9,500 or  
9 more, except that the annuity for those persons having made an  
10 election under Section 15-154(a-1) shall be calculated and  
11 payable under the portable retirement benefit program pursuant  
12 to the provisions of Section 15-136.4.

13 Rule 4: A participant who is at least age 50 and has 25 or  
14 more years of service as a police officer or firefighter, and a  
15 participant who is age 55 or over and has at least 20 but less  
16 than 25 years of service as a police officer or firefighter,  
17 shall be entitled to a retirement annuity of 2 1/4% of the  
18 final rate of earnings for each of the first 10 years of  
19 service as a police officer or firefighter, 2 1/2% for each of  
20 the next 10 years of service as a police officer or  
21 firefighter, and 2 3/4% for each year of service as a police  
22 officer or firefighter in excess of 20. The retirement annuity  
23 for all other service shall be computed under Rule 1. A Tier 2  
24 member is eligible for a retirement annuity calculated under  
25 Rule 4 only if that Tier 2 member meets the service  
26 requirements for that benefit calculation as prescribed under

1 this Rule 4 in addition to the applicable age requirement under  
2 subsection (a-5) of Section 15-135.

3 For purposes of this Rule 4, a participant's service as a  
4 firefighter shall also include the following:

5 (i) service that is performed while the person is an  
6 employee under subsection (h) of Section 15-107; and

7 (ii) in the case of an individual who was a  
8 participating employee employed in the fire department of  
9 the University of Illinois's Champaign-Urbana campus  
10 immediately prior to the elimination of that fire  
11 department and who immediately after the elimination of  
12 that fire department transferred to another job with the  
13 University of Illinois, service performed as an employee of  
14 the University of Illinois in a position other than police  
15 officer or firefighter, from the date of that transfer  
16 until the employee's next termination of service with the  
17 University of Illinois.

18 (b) For a Tier 1 member, the retirement annuity provided  
19 under Rules 1 and 3 above shall be reduced by 1/2 of 1% for each  
20 month the participant is under age 60 at the time of  
21 retirement. However, this reduction shall not apply in the  
22 following cases:

23 (1) For a disabled participant whose disability  
24 benefits have been discontinued because he or she has  
25 exhausted eligibility for disability benefits under clause  
26 (6) of Section 15-152;



1           (2) For a participant who has at least the number of  
2 years of service required to retire at any age under  
3 subsection (a) of Section 15-135; or

4           (3) For that portion of a retirement annuity which has  
5 been provided on account of service of the participant  
6 during periods when he or she performed the duties of a  
7 police officer or firefighter, if these duties were  
8 performed for at least 5 years immediately preceding the  
9 date the retirement annuity is to begin.

10          (b-5) The retirement annuity of a Tier 2 member who is  
11 retiring after attaining age 62 with at least 10 years of  
12 service credit shall be reduced by 1/2 of 1% for each full  
13 month that the member's age is under age 67.

14          (c) The maximum retirement annuity provided under Rules 1,  
15 2, 4, and 5 shall be the lesser of (1) the annual limit of  
16 benefits as specified in Section 415 of the Internal Revenue  
17 Code of 1986, as such Section may be amended from time to time  
18 and as such benefit limits shall be adjusted by the  
19 Commissioner of Internal Revenue, and (2) 80% of final rate of  
20 earnings.

21          (d) This subsection (d) is subject to subsections (d-1) and  
22 (d-2). A Tier 1 member whose status as an employee terminates  
23 after August 14, 1969 shall receive automatic increases in his  
24 or her retirement annuity as follows:

25           Effective January 1 immediately following the date the  
26 retirement annuity begins, the annuitant shall receive an

1 increase in his or her monthly retirement annuity of 0.125% of  
2 the monthly retirement annuity provided under Rule 1, Rule 2,  
3 Rule 3, or Rule 4 contained in this Section, multiplied by the  
4 number of full months which elapsed from the date the  
5 retirement annuity payments began to January 1, 1972, plus  
6 0.1667% of such annuity, multiplied by the number of full  
7 months which elapsed from January 1, 1972, or the date the  
8 retirement annuity payments began, whichever is later, to  
9 January 1, 1978, plus 0.25% of such annuity multiplied by the  
10 number of full months which elapsed from January 1, 1978, or  
11 the date the retirement annuity payments began, whichever is  
12 later, to the effective date of the increase.

13 The annuitant shall receive an increase in his or her  
14 monthly retirement annuity on each January 1 thereafter during  
15 the annuitant's life of 3% of the monthly annuity provided  
16 under Rule 1, Rule 2, Rule 3, or Rule 4 contained in this  
17 Section. The change made under this subsection by P.A. 81-970  
18 is effective January 1, 1980 and applies to each annuitant  
19 whose status as an employee terminates before or after that  
20 date.

21 Beginning January 1, 1990, all automatic annual increases  
22 payable under this Section shall be calculated as a percentage  
23 of the total annuity payable at the time of the increase,  
24 including all increases previously granted under this Article.

25 The change made in this subsection by P.A. 85-1008 is  
26 effective January 26, 1988, and is applicable without regard to

1 whether status as an employee terminated before that date.

2 (d-1) Notwithstanding subsection (d), but subject to the  
3 provisions of subsection (d-2), all automatic increases  
4 payable under subsection (d) on or after the effective date of  
5 this amendatory Act of the 98th General Assembly shall be  
6 calculated as 3% of the lesser of (1) the total annuity payable  
7 at the time of the increase, including previous increases  
8 granted, or (2) \$1,000 multiplied by the number of years of  
9 creditable service upon which the annuity is based; however, in  
10 the case of an initial increase subject to this subsection, the  
11 amount of that increase shall be prorated if less than one year  
12 has elapsed since retirement.

13 Beginning January 1, 2016, the \$1,000 referred to in item  
14 (2) of this subsection (d-1) shall be increased on each January  
15 1 by the annual unadjusted percentage increase (but not less  
16 than zero) in the consumer price index-u for the 12 months  
17 ending with the preceding September; these adjustments shall be  
18 cumulative and compounded. For the purposes of this subsection  
19 (d-1), "consumer price index-u" means the index published by  
20 the Bureau of Labor Statistics of the United States Department  
21 of Labor that measures the average change in prices of goods  
22 and services purchased by all urban consumers, United States  
23 city average, all items, 1982-84 = 100. The new dollar amount  
24 resulting from each annual adjustment shall be determined by  
25 the Public Pension Division of the Department of Insurance and  
26 made available to the System by November 1 of each year.

1       This subsection (d-1) is applicable without regard to  
2 whether the person is in service on or after the effective date  
3 of this amendatory Act of the 98th General Assembly.

4       (d-2) Notwithstanding subsections (d) and (d-1), for an  
5 active or inactive Tier 1 member who has not begun to receive a  
6 retirement annuity under this Article before July 1, 2014:

7           (1) the automatic annual increase payable under  
8 subsection (d) the second January following the date the  
9 retirement annuity begins shall be equal to 0% of the total  
10 annuity payable at the time of the increase, if he or she  
11 is at least age 50 on the effective date of this amendatory  
12 Act;

13           (2) the automatic annual increase payable under  
14 subsection (d) the second, fourth, and sixth January  
15 following the date the retirement annuity begins shall be  
16 equal to 0% of the total annuity payable at the time of the  
17 increase, if he or she is at least age 47 but less than age  
18 50 on the effective date of this amendatory Act;

19           (3) the automatic annual increase payable under  
20 subsection (d) the second, fourth, sixth, and eighth  
21 January following the date the retirement annuity begins  
22 shall be equal to 0% of the total annuity payable at the  
23 time of the increase, if he or she is at least age 44 but  
24 less than age 47 on the effective date of this amendatory  
25 Act;

26           (4) the automatic annual increase payable under

1       subsection (d) the second, fourth, sixth, eighth, and tenth  
2       January following the date the retirement annuity begins  
3       shall be equal to 0% of the total annuity payable at the  
4       time of the increase, if he or she is less than age 44 on  
5       the effective date of this amendatory Act.

6       (d-5) A retirement annuity of a Tier 2 member shall receive  
7       annual increases on the January 1 occurring either on or after  
8       the attainment of age 67 or the first anniversary of the  
9       annuity start date, whichever is later. Each annual increase  
10      shall be calculated at 3% or one half the annual unadjusted  
11      percentage increase (but not less than zero) in the consumer  
12      price index-u for the 12 months ending with the September  
13      preceding each November 1, whichever is less, of the originally  
14      granted retirement annuity. If the annual unadjusted  
15      percentage change in the consumer price index-u for the 12  
16      months ending with the September preceding each November 1 is  
17      zero or there is a decrease, then the annuity shall not be  
18      increased.

19      (e) If, on January 1, 1987, or the date the retirement  
20      annuity payment period begins, whichever is later, the sum of  
21      the retirement annuity provided under Rule 1 or Rule 2 of this  
22      Section and the automatic annual increases provided under the  
23      preceding subsection or Section 15-136.1, amounts to less than  
24      the retirement annuity which would be provided by Rule 3, the  
25      retirement annuity shall be increased as of January 1, 1987, or  
26      the date the retirement annuity payment period begins,

1       whichever is later, to the amount which would be provided by  
2       Rule 3 of this Section. Such increased amount shall be  
3       considered as the retirement annuity in determining benefits  
4       provided under other Sections of this Article. This paragraph  
5       applies without regard to whether status as an employee  
6       terminated before the effective date of this amendatory Act of  
7       1987, provided that the annuitant was employed at least  
8       one-half time during the period on which the final rate of  
9       earnings was based.

10       (f) A participant is entitled to such additional annuity as  
11       may be provided on an actuarially equivalent basis, by any  
12       accumulated additional contributions to his or her credit.  
13       However, the additional contributions made by the participant  
14       toward the automatic increases in annuity provided under this  
15       Section shall not be taken into account in determining the  
16       amount of such additional annuity.

17       (g) If, (1) by law, a function of a governmental unit, as  
18       defined by Section 20-107 of this Code, is transferred in whole  
19       or in part to an employer, and (2) a participant transfers  
20       employment from such governmental unit to such employer within  
21       6 months after the transfer of the function, and (3) the sum of  
22       (A) the annuity payable to the participant under Rule 1, 2, or  
23       3 of this Section (B) all proportional annuities payable to the  
24       participant by all other retirement systems covered by Article  
25       20, and (C) the initial primary insurance amount to which the  
26       participant is entitled under the Social Security Act, is less

1 than the retirement annuity which would have been payable if  
2 all of the participant's pension credits validated under  
3 Section 20-109 had been validated under this system, a  
4 supplemental annuity equal to the difference in such amounts  
5 shall be payable to the participant.

6 (h) On January 1, 1981, an annuitant who was receiving a  
7 retirement annuity on or before January 1, 1971 shall have his  
8 or her retirement annuity then being paid increased \$1 per  
9 month for each year of creditable service. On January 1, 1982,  
10 an annuitant whose retirement annuity began on or before  
11 January 1, 1977, shall have his or her retirement annuity then  
12 being paid increased \$1 per month for each year of creditable  
13 service.

14 (i) On January 1, 1987, any annuitant whose retirement  
15 annuity began on or before January 1, 1977, shall have the  
16 monthly retirement annuity increased by an amount equal to 8¢  
17 per year of creditable service times the number of years that  
18 have elapsed since the annuity began.

19 (j) For participants to whom subsection (a-3) of Section  
20 15-135 applies, the references to age 50, 55, and 62 in this  
21 Section are increased as provided in subsection (a-3) of  
22 Section 15-135.

23 (Source: P.A. 97-933, eff. 8-10-12; 97-968, eff. 8-16-12;  
24 98-92, eff. 7-16-13.)

1           Sec. 15-155. Employer contributions.

2           (a) The State of Illinois shall make contributions by  
3 appropriations of amounts which, together with the other  
4 employer contributions from trust, federal, and other funds,  
5 employee contributions, income from investments, and other  
6 income of this System, will be sufficient to meet the cost of  
7 maintaining and administering the System on a 100% ~~90%~~ funded  
8 basis in accordance with actuarial recommendations by the end  
9 of State fiscal year 2044.

10           The Board shall determine the amount of State contributions  
11 required for each fiscal year on the basis of the actuarial  
12 tables and other assumptions adopted by the Board and the  
13 recommendations of the actuary, using the formula in subsection  
14 (a-1).

15           (a-1) For State fiscal years 2015 through 2044, the minimum  
16 contribution to the System to be made by the State for each  
17 fiscal year shall be an amount determined by the System to be  
18 equal to the sum of (1) the State's portion of the projected  
19 normal cost for that fiscal year, plus (2) an amount sufficient  
20 to bring the total assets of the System up to 100% of the total  
21 actuarial liabilities of the System by the end of the State  
22 fiscal year 2044. In making these determinations, the required  
23 State contribution shall be calculated each year as a level  
24 percentage of payroll over the years remaining to and including  
25 fiscal year 2044 and shall be determined under the projected  
26 unit cost method for fiscal year 2015 and under the entry age



1 normal actuarial cost method for fiscal years 2016 through  
2 2044.

3 For State fiscal years 2012 through 2014 ~~2045~~, the minimum  
4 contribution to the System to be made by the State for each  
5 fiscal year shall be an amount determined by the System to be  
6 sufficient to bring the total assets of the System up to 90% of  
7 the total actuarial liabilities of the System by the end of  
8 State fiscal year 2045. In making these determinations, the  
9 required State contribution shall be calculated each year as a  
10 level percentage of payroll over the years remaining to and  
11 including fiscal year 2045 and shall be determined under the  
12 projected unit credit actuarial cost method.

13 For State fiscal years 1996 through 2005, the State  
14 contribution to the System, as a percentage of the applicable  
15 employee payroll, shall be increased in equal annual increments  
16 so that by State fiscal year 2011, the State is contributing at  
17 the rate required under this Section.

18 Notwithstanding any other provision of this Article, the  
19 total required State contribution for State fiscal year 2006 is  
20 \$166,641,900.

21 Notwithstanding any other provision of this Article, the  
22 total required State contribution for State fiscal year 2007 is  
23 \$252,064,100.

24 For each of State fiscal years 2008 through 2009, the State  
25 contribution to the System, as a percentage of the applicable  
26 employee payroll, shall be increased in equal annual increments

1 from the required State contribution for State fiscal year  
2 2007, so that by State fiscal year 2011, the State is  
3 contributing at the rate otherwise required under this Section.

4 Notwithstanding any other provision of this Article, the  
5 total required State contribution for State fiscal year 2010 is  
6 \$702,514,000 and shall be made from the State Pensions Fund and  
7 proceeds of bonds sold in fiscal year 2010 pursuant to Section  
8 7.2 of the General Obligation Bond Act, less (i) the pro rata  
9 share of bond sale expenses determined by the System's share of  
10 total bond proceeds, (ii) any amounts received from the General  
11 Revenue Fund in fiscal year 2010, (iii) any reduction in bond  
12 proceeds due to the issuance of discounted bonds, if  
13 applicable.

14 Notwithstanding any other provision of this Article, the  
15 total required State contribution for State fiscal year 2011 is  
16 the amount recertified by the System on or before April 1, 2011  
17 pursuant to Section 15-165 and shall be made from the State  
18 Pensions Fund and proceeds of bonds sold in fiscal year 2011  
19 pursuant to Section 7.2 of the General Obligation Bond Act,  
20 less (i) the pro rata share of bond sale expenses determined by  
21 the System's share of total bond proceeds, (ii) any amounts  
22 received from the General Revenue Fund in fiscal year 2011, and  
23 (iii) any reduction in bond proceeds due to the issuance of  
24 discounted bonds, if applicable.

25 Beginning in State fiscal year 2045, the minimum  
26 contribution for each fiscal year shall be the amount needed to

1 maintain the total assets of the System at 100% of the total  
2 liabilities of the System.

3 ~~Beginning in State fiscal year 2016, the minimum State~~  
4 ~~contribution for each fiscal year shall be the amount needed to~~  
5 ~~maintain the total assets of the System at 90% of the total~~  
6 ~~actuarial liabilities of the System.~~

7 Amounts received by the System pursuant to Section 25 of  
8 the Budget Stabilization Act or Section 8.12 of the State  
9 Finance Act in any fiscal year do not reduce and do not  
10 constitute payment of any portion of the minimum State  
11 contribution required under this Article in that fiscal year.  
12 Such amounts shall not reduce, and shall not be included in the  
13 calculation of, the required State contributions under this  
14 Article in any future year until the System has reached a  
15 funding ratio of at least 100% ~~90%~~. A reference in this Article  
16 to the "required State contribution" or any substantially  
17 similar term does not include or apply to any amounts payable  
18 to the System under Section 25 of the Budget Stabilization Act.

19 Notwithstanding any other provision of this Section, the  
20 required State contribution for State fiscal year 2005 and for  
21 fiscal year 2008 and each fiscal year thereafter through State  
22 fiscal year 2014, as calculated under this Section and  
23 certified under Section 15-165, shall not exceed an amount  
24 equal to (i) the amount of the required State contribution that  
25 would have been calculated under this Section for that fiscal  
26 year if the System had not received any payments under

1 subsection (d) of Section 7.2 of the General Obligation Bond  
2 Act, minus (ii) the portion of the State's total debt service  
3 payments for that fiscal year on the bonds issued in fiscal  
4 year 2003 for the purposes of that Section 7.2, as determined  
5 and certified by the Comptroller, that is the same as the  
6 System's portion of the total moneys distributed under  
7 subsection (d) of Section 7.2 of the General Obligation Bond  
8 Act. In determining this maximum for State fiscal years 2008  
9 through 2010, however, the amount referred to in item (i) shall  
10 be increased, as a percentage of the applicable employee  
11 payroll, in equal increments calculated from the sum of the  
12 required State contribution for State fiscal year 2007 plus the  
13 applicable portion of the State's total debt service payments  
14 for fiscal year 2007 on the bonds issued in fiscal year 2003  
15 for the purposes of Section 7.2 of the General Obligation Bond  
16 Act, so that, by State fiscal year 2011, the State is  
17 contributing at the rate otherwise required under this Section.

18 (b) If an employee is paid from trust or federal funds, the  
19 employer shall pay to the Board contributions from those funds  
20 which are sufficient to cover the accruing normal costs on  
21 behalf of the employee. However, universities having employees  
22 who are compensated out of local auxiliary funds, income funds,  
23 or service enterprise funds are not required to pay such  
24 contributions on behalf of those employees. The local auxiliary  
25 funds, income funds, and service enterprise funds of  
26 universities shall not be considered trust funds for the

1 purpose of this Article, but funds of alumni associations,  
2 foundations, and athletic associations which are affiliated  
3 with the universities included as employers under this Article  
4 and other employers which do not receive State appropriations  
5 are considered to be trust funds for the purpose of this  
6 Article.

7 (b-1) The City of Urbana and the City of Champaign shall  
8 each make employer contributions to this System for their  
9 respective firefighter employees who participate in this  
10 System pursuant to subsection (h) of Section 15-107. The rate  
11 of contributions to be made by those municipalities shall be  
12 determined annually by the Board on the basis of the actuarial  
13 assumptions adopted by the Board and the recommendations of the  
14 actuary, and shall be expressed as a percentage of salary for  
15 each such employee. The Board shall certify the rate to the  
16 affected municipalities as soon as may be practical. The  
17 employer contributions required under this subsection shall be  
18 remitted by the municipality to the System at the same time and  
19 in the same manner as employee contributions.

20 (c) Through State fiscal year 1995: The total employer  
21 contribution shall be apportioned among the various funds of  
22 the State and other employers, whether trust, federal, or other  
23 funds, in accordance with actuarial procedures approved by the  
24 Board. State of Illinois contributions for employers receiving  
25 State appropriations for personal services shall be payable  
26 from appropriations made to the employers or to the System. The

1 contributions for Class I community colleges covering earnings  
2 other than those paid from trust and federal funds, shall be  
3 payable solely from appropriations to the Illinois Community  
4 College Board or the System for employer contributions.

5 (d) Beginning in State fiscal year 1996, the required State  
6 contributions to the System shall be appropriated directly to  
7 the System and shall be payable through vouchers issued in  
8 accordance with subsection (c) of Section 15-165, except as  
9 provided in subsection (g).

10 (e) The State Comptroller shall draw warrants payable to  
11 the System upon proper certification by the System or by the  
12 employer in accordance with the appropriation laws and this  
13 Code.

14 (f) Normal costs under this Section means liability for  
15 pensions and other benefits which accrues to the System because  
16 of the credits earned for service rendered by the participants  
17 during the fiscal year and expenses of administering the  
18 System, but shall not include the principal of or any  
19 redemption premium or interest on any bonds issued by the Board  
20 or any expenses incurred or deposits required in connection  
21 therewith.

22 (g) If the amount of a participant's earnings for any  
23 academic year used to determine the final rate of earnings,  
24 determined on a full-time equivalent basis, exceeds the amount  
25 of his or her earnings with the same employer for the previous  
26 academic year, determined on a full-time equivalent basis, by

1 more than 6%, the participant's employer shall pay to the  
2 System, in addition to all other payments required under this  
3 Section and in accordance with guidelines established by the  
4 System, the present value of the increase in benefits resulting  
5 from the portion of the increase in earnings that is in excess  
6 of 6%. This present value shall be computed by the System on  
7 the basis of the actuarial assumptions and tables used in the  
8 most recent actuarial valuation of the System that is available  
9 at the time of the computation. The System may require the  
10 employer to provide any pertinent information or  
11 documentation.

12 Whenever it determines that a payment is or may be required  
13 under this subsection (g), the System shall calculate the  
14 amount of the payment and bill the employer for that amount.  
15 The bill shall specify the calculations used to determine the  
16 amount due. If the employer disputes the amount of the bill, it  
17 may, within 30 days after receipt of the bill, apply to the  
18 System in writing for a recalculation. The application must  
19 specify in detail the grounds of the dispute and, if the  
20 employer asserts that the calculation is subject to subsection  
21 (h) or (i) of this Section, must include an affidavit setting  
22 forth and attesting to all facts within the employer's  
23 knowledge that are pertinent to the applicability of subsection  
24 (h) or (i). Upon receiving a timely application for  
25 recalculation, the System shall review the application and, if  
26 appropriate, recalculate the amount due.

1           The employer contributions required under this subsection  
2           (g) may be paid in the form of a lump sum within 90 days after  
3           receipt of the bill. If the employer contributions are not paid  
4           within 90 days after receipt of the bill, then interest will be  
5           charged at a rate equal to the System's annual actuarially  
6           assumed rate of return on investment compounded annually from  
7           the 91st day after receipt of the bill. Payments must be  
8           concluded within 3 years after the employer's receipt of the  
9           bill.

10           (h) This subsection (h) applies only to payments made or  
11           salary increases given on or after June 1, 2005 but before July  
12           1, 2011. The changes made by Public Act 94-1057 shall not  
13           require the System to refund any payments received before July  
14           31, 2006 (the effective date of Public Act 94-1057).

15           When assessing payment for any amount due under subsection  
16           (g), the System shall exclude earnings increases paid to  
17           participants under contracts or collective bargaining  
18           agreements entered into, amended, or renewed before June 1,  
19           2005.

20           When assessing payment for any amount due under subsection  
21           (g), the System shall exclude earnings increases paid to a  
22           participant at a time when the participant is 10 or more years  
23           from retirement eligibility under Section 15-135.

24           When assessing payment for any amount due under subsection  
25           (g), the System shall exclude earnings increases resulting from  
26           overload work, including a contract for summer teaching, or



1 overtime when the employer has certified to the System, and the  
2 System has approved the certification, that: (i) in the case of  
3 overloads (A) the overload work is for the sole purpose of  
4 academic instruction in excess of the standard number of  
5 instruction hours for a full-time employee occurring during the  
6 academic year that the overload is paid and (B) the earnings  
7 increases are equal to or less than the rate of pay for  
8 academic instruction computed using the participant's current  
9 salary rate and work schedule; and (ii) in the case of  
10 overtime, the overtime was necessary for the educational  
11 mission.

12 When assessing payment for any amount due under subsection  
13 (g), the System shall exclude any earnings increase resulting  
14 from (i) a promotion for which the employee moves from one  
15 classification to a higher classification under the State  
16 Universities Civil Service System, (ii) a promotion in academic  
17 rank for a tenured or tenure-track faculty position, or (iii) a  
18 promotion that the Illinois Community College Board has  
19 recommended in accordance with subsection (k) of this Section.  
20 These earnings increases shall be excluded only if the  
21 promotion is to a position that has existed and been filled by  
22 a member for no less than one complete academic year and the  
23 earnings increase as a result of the promotion is an increase  
24 that results in an amount no greater than the average salary  
25 paid for other similar positions.

26 (i) When assessing payment for any amount due under

1 subsection (g), the System shall exclude any salary increase  
2 described in subsection (h) of this Section given on or after  
3 July 1, 2011 but before July 1, 2014 under a contract or  
4 collective bargaining agreement entered into, amended, or  
5 renewed on or after June 1, 2005 but before July 1, 2011.  
6 Notwithstanding any other provision of this Section, any  
7 payments made or salary increases given after June 30, 2014  
8 shall be used in assessing payment for any amount due under  
9 subsection (g) of this Section.

10 (j) The System shall prepare a report and file copies of  
11 the report with the Governor and the General Assembly by  
12 January 1, 2007 that contains all of the following information:

13 (1) The number of recalculations required by the  
14 changes made to this Section by Public Act 94-1057 for each  
15 employer.

16 (2) The dollar amount by which each employer's  
17 contribution to the System was changed due to  
18 recalculations required by Public Act 94-1057.

19 (3) The total amount the System received from each  
20 employer as a result of the changes made to this Section by  
21 Public Act 94-4.

22 (4) The increase in the required State contribution  
23 resulting from the changes made to this Section by Public  
24 Act 94-1057.

25 (k) The Illinois Community College Board shall adopt rules  
26 for recommending lists of promotional positions submitted to

1 the Board by community colleges and for reviewing the  
2 promotional lists on an annual basis. When recommending  
3 promotional lists, the Board shall consider the similarity of  
4 the positions submitted to those positions recognized for State  
5 universities by the State Universities Civil Service System.  
6 The Illinois Community College Board shall file a copy of its  
7 findings with the System. The System shall consider the  
8 findings of the Illinois Community College Board when making  
9 determinations under this Section. The System shall not exclude  
10 any earnings increases resulting from a promotion when the  
11 promotion was not submitted by a community college. Nothing in  
12 this subsection (k) shall require any community college to  
13 submit any information to the Community College Board.

14 (l) For purposes of determining the required State  
15 contribution to the System, the value of the System's assets  
16 shall be equal to the actuarial value of the System's assets,  
17 which shall be calculated as follows:

18 As of June 30, 2008, the actuarial value of the System's  
19 assets shall be equal to the market value of the assets as of  
20 that date. In determining the actuarial value of the System's  
21 assets for fiscal years after June 30, 2008, any actuarial  
22 gains or losses from investment return incurred in a fiscal  
23 year shall be recognized in equal annual amounts over the  
24 5-year period following that fiscal year.

25 (m) For purposes of determining the required State  
26 contribution to the system for a particular year, the actuarial

1 value of assets shall be assumed to earn a rate of return equal  
2 to the system's actuarially assumed rate of return.

3 (Source: P.A. 97-813, eff. 7-13-12; 98-92, eff. 7-16-13;  
4 98-463, eff. 8-16-13.)

5 (40 ILCS 5/15-156) (from Ch. 108 1/2, par. 15-156)

6 Sec. 15-156. Obligations of State; funding guarantees.

7 (a) The payment of (1) the required State contributions,  
8 (2) all benefits granted under this system and (3) all expenses  
9 in connection with the administration and operation thereof are  
10 obligations of the State of Illinois to the extent specified in  
11 this Article. The accumulated employee normal, additional and  
12 survivors insurance contributions credited to the accounts of  
13 active and inactive participants shall not be used to pay the  
14 State's share of the obligations.

15 (b) Beginning July 1, 2014, the State shall be obligated to  
16 contribute to the System in each State fiscal year an amount  
17 not less than the sum of (i) the State's normal cost for the  
18 year and (ii) the portion of the unfunded accrued liability  
19 assigned to that year by law. Notwithstanding any other  
20 provision of law, if the State fails to pay an amount required  
21 under this subsection, it shall be the obligation of the Board  
22 to seek payment of the required amount in compliance with the  
23 provisions of this Section and, if the amount remains unpaid,  
24 to bring a mandamus action in the Supreme Court of Illinois to  
25 compel the State to make the required payment.

1       If the System submits a voucher for contributions required  
2 under Section 15-155 and the State fails to pay that voucher  
3 within 90 days of its receipt, the Board shall submit a written  
4 request to the Comptroller seeking payment. A copy of the  
5 request shall be filed with the Secretary of State, and the  
6 Secretary of State shall provide a copy to the Governor and  
7 General Assembly. No earlier than the 16th day after the System  
8 files the request with the Comptroller and Secretary of State,  
9 if the amount remains unpaid the Board shall commence a  
10 mandamus action in the Supreme Court of Illinois to compel the  
11 Comptroller to satisfy the voucher.

12       This subsection (b) constitutes an express waiver of the  
13 State's sovereign immunity solely to the extent that it permits  
14 the Board to commence a mandamus action in the Supreme Court of  
15 Illinois to compel the Comptroller to pay a voucher for the  
16 contributions required under Section 15-155.

17       (c) Beginning in State fiscal year 2016, the State shall be  
18 obligated to make the transfers set forth in subsections (c-5)  
19 and (c-10) of Section 20 of the Budget Stabilization Act and to  
20 pay to the System its proportionate share of the transferred  
21 amounts in accordance with Section 25 of the Budget  
22 Stabilization Act. Notwithstanding any other provision of law,  
23 if the State fails to transfer an amount required under this  
24 subsection or to pay to the System its proportionate share of  
25 the transferred amount in accordance with Section 25 of the  
26 Budget Stabilization Act, it shall be the obligation of the

1 Board to seek transfer or payment of the required amount in  
2 compliance with the provisions of this Section and, if the  
3 required amount remains untransferred or the required payment  
4 remains unpaid, to bring a mandamus action in the Supreme Court  
5 of Illinois to compel the State to make the required transfer  
6 or payment or both, as the case may be.

7 If the State fails to make a transfer required under  
8 subsection (c-5) or (c-10) of Section 20 of the Budget  
9 Stabilization Act or a payment to the System required under  
10 Section 25 of that Act, the Board shall submit a written  
11 request to the Comptroller seeking payment. A copy of the  
12 request shall be filed with the Secretary of State, and the  
13 Secretary of State shall provide a copy to the Governor and  
14 General Assembly. No earlier than the 16th day after the System  
15 files the request with the Comptroller and Secretary of State,  
16 if the required amount remains untransferred or the required  
17 payment remains unpaid, the Board shall commence a mandamus  
18 action in the Supreme Court of Illinois to compel the  
19 Comptroller to make the required transfer or payment or both,  
20 as the case may be.

21 This subsection (c) constitutes an express waiver of the  
22 State's sovereign immunity solely to the extent that it permits  
23 the Board to commence a mandamus action in the Supreme Court of  
24 Illinois to compel the Comptroller to make a transfer required  
25 under subsection (c-5) or (c-10) of Section 20 of the Budget  
26 Stabilization Act and to pay to the System its proportionate

1 share of the transferred amount in accordance with Section 25  
2 of the Budget Stabilization Act.

3 The obligations created by this subsection (c) expire when  
4 all of the requirements of subsections (c-5) and (c-10) of  
5 Section 20 of the Budget Stabilization Act and Section 25 of  
6 the Budget Stabilization Act have been met.

7 (d) Any payments and transfers required to be made by the  
8 State pursuant to subsection (b) or (c) are expressly  
9 subordinate to the payment of the principal, interest, and  
10 premium, if any, on any bonded debt obligation of the State or  
11 any other State-created entity, either currently outstanding  
12 or to be issued, for which the source of repayment or security  
13 thereon is derived directly or indirectly from tax revenues  
14 collected by the State or any other State-created entity.  
15 Payments on such bonded obligations include any statutory fund  
16 transfers or other prefunding mechanisms or formulas set forth,  
17 now or hereafter, in State law or bond indentures, into debt  
18 service funds or accounts of the State related to such bond  
19 obligations, consistent with the payment schedules associated  
20 with such obligations.

21 (Source: P.A. 83-1440.)

22 (40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)

23 Sec. 15-157. Employee Contributions.

24 (a) Except as provided in subsection (a-5), each ~~Each~~  
25 participating employee shall make contributions towards the

1 retirement benefits payable under the retirement program  
2 applicable to the employee from each payment of earnings  
3 applicable to employment under this system on and after the  
4 date of becoming a participant as follows: Prior to September  
5 1, 1949, 3 1/2% of earnings; from September 1, 1949 to August  
6 31, 1955, 5%; from September 1, 1955 to August 31, 1969, 6%;  
7 from September 1, 1969, 6 1/2%. These contributions are to be  
8 considered as normal contributions for purposes of this  
9 Article.

10 Except as provided in subsection (a-5), each ~~Each~~  
11 participant who is a police officer or firefighter shall make  
12 normal contributions of 8% of each payment of earnings  
13 applicable to employment as a police officer or firefighter  
14 under this system on or after September 1, 1981, unless he or  
15 she files with the board within 60 days after the effective  
16 date of this amendatory Act of 1991 or 60 days after the board  
17 receives notice that he or she is employed as a police officer  
18 or firefighter, whichever is later, a written notice waiving  
19 the retirement formula provided by Rule 4 of Section 15-136.  
20 This waiver shall be irrevocable. If a participant had met the  
21 conditions set forth in Section 15-132.1 prior to the effective  
22 date of this amendatory Act of 1991 but failed to make the  
23 additional normal contributions required by this paragraph, he  
24 or she may elect to pay the additional contributions plus  
25 compound interest at the effective rate. If such payment is  
26 received by the board, the service shall be considered as



1 police officer service in calculating the retirement annuity  
2 under Rule 4 of Section 15-136. While performing service  
3 described in clause (i) or (ii) of Rule 4 of Section 15-136, a  
4 participating employee shall be deemed to be employed as a  
5 firefighter for the purpose of determining the rate of employee  
6 contributions under this Section.

7 (a-5) Beginning July 1, 2014, in lieu of the contribution  
8 otherwise required under subsection (a), each Tier 1 member,  
9 other than a Tier 1 member who is a police officer or  
10 firefighter, shall contribute 6% of earnings toward the  
11 retirement benefits payable under the retirement programs  
12 applicable to the employee from each payment of earnings  
13 applicable to employment under this system.

14 Beginning July 1, 2014, in lieu of the contribution  
15 otherwise required under subsection (a), each Tier 1 member who  
16 is a police officer or firefighter shall contribute 7.5% of  
17 each payment of earnings applicable to employment as a police  
18 officer or firefighter under this system, unless he or she has  
19 filed a waiver with the board pursuant to subsection (a).

20 The contributions required under this subsection (a-5) are  
21 to be considered normal contributions for the purposes of this  
22 Article.

23 (b) Starting September 1, 1969 and, in the case of Tier 1  
24 members, ending on June 30, 2014, each participating employee  
25 shall make additional contributions of 1/2 of 1% of earnings to  
26 finance a portion of the cost of the annual increases in

1 retirement annuity provided under Section 15-136, except that  
2 with respect to participants in the self-managed plan this  
3 additional contribution shall be used to finance the benefits  
4 obtained under that retirement program.

5 (c) In addition to the amounts described in subsections (a)  
6 and (b) of this Section, each participating employee shall make  
7 contributions of 1% of earnings applicable under this system on  
8 and after August 1, 1959. The contributions made under this  
9 subsection (c) shall be considered as survivor's insurance  
10 contributions for purposes of this Article if the employee is  
11 covered under the traditional benefit package, and such  
12 contributions shall be considered as additional contributions  
13 for purposes of this Article if the employee is participating  
14 in the self-managed plan or has elected to participate in the  
15 portable benefit package and has completed the applicable  
16 one-year waiting period. Contributions in excess of \$80 during  
17 any fiscal year beginning before August 31, 1969 and in excess  
18 of \$120 during any fiscal year thereafter until September 1,  
19 1971 shall be considered as additional contributions for  
20 purposes of this Article.

21 (d) If the board by board rule so permits and subject to  
22 such conditions and limitations as may be specified in its  
23 rules, a participant may make other additional contributions of  
24 such percentage of earnings or amounts as the participant shall  
25 elect in a written notice thereof received by the board.

26 (e) That fraction of a participant's total accumulated

1 normal contributions, the numerator of which is equal to the  
2 number of years of service in excess of that which is required  
3 to qualify for the maximum retirement annuity, and the  
4 denominator of which is equal to the total service of the  
5 participant, shall be considered as accumulated additional  
6 contributions. The determination of the applicable maximum  
7 annuity and the adjustment in contributions required by this  
8 provision shall be made as of the date of the participant's  
9 retirement.

10 (f) Notwithstanding the foregoing, a participating  
11 employee shall not be required to make contributions under this  
12 Section after the date upon which continuance of such  
13 contributions would otherwise cause his or her retirement  
14 annuity to exceed the maximum retirement annuity as specified  
15 in clause (1) of subsection (c) of Section 15-136.

16 (g) A participating employee may make contributions for the  
17 purchase of service credit under this Article.

18 (h) A Tier 2 member shall not make contributions on  
19 earnings that exceed the limitation as prescribed under  
20 subsection (b) of Section 15-111 of this Article.

21 (Source: P.A. 98-92, eff. 7-16-13.)

22 (40 ILCS 5/15-157.5 new)

23 Sec. 15-157.5. Use of contributions for health care  
24 subsidies. The System shall not use any contribution received  
25 by the System under this Article to provide a subsidy for the

1 cost of participation in a retiree health care program.

2 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)  
3 Sec. 15-165. To certify amounts and submit vouchers.

4 (a) The Board shall certify to the Governor on or before  
5 November 15 of each year until November 15, 2011 the  
6 appropriation required from State funds for the purposes of  
7 this System for the following fiscal year. The certification  
8 under this subsection (a) shall include a copy of the actuarial  
9 recommendations upon which it is based and shall specifically  
10 identify the System's projected State normal cost for that  
11 fiscal year and the projected State cost for the self-managed  
12 plan for that fiscal year.

13 On or before May 1, 2004, the Board shall recalculate and  
14 recertify to the Governor the amount of the required State  
15 contribution to the System for State fiscal year 2005, taking  
16 into account the amounts appropriated to and received by the  
17 System under subsection (d) of Section 7.2 of the General  
18 Obligation Bond Act.

19 On or before July 1, 2005, the Board shall recalculate and  
20 recertify to the Governor the amount of the required State  
21 contribution to the System for State fiscal year 2006, taking  
22 into account the changes in required State contributions made  
23 by this amendatory Act of the 94th General Assembly.

24 On or before April 1, 2011, the Board shall recalculate and  
25 recertify to the Governor the amount of the required State

1 contribution to the System for State fiscal year 2011, applying  
2 the changes made by Public Act 96-889 to the System's assets  
3 and liabilities as of June 30, 2009 as though Public Act 96-889  
4 was approved on that date.

5 (a-5) On or before November 1 of each year, beginning  
6 November 1, 2012, the Board shall submit to the State Actuary,  
7 the Governor, and the General Assembly a proposed certification  
8 of the amount of the required State contribution to the System  
9 for the next fiscal year, along with all of the actuarial  
10 assumptions, calculations, and data upon which that proposed  
11 certification is based. On or before January 1 of each year,  
12 beginning January 1, 2013, the State Actuary shall issue a  
13 preliminary report concerning the proposed certification and  
14 identifying, if necessary, recommended changes in actuarial  
15 assumptions that the Board must consider before finalizing its  
16 certification of the required State contributions. On or before  
17 January 15, 2013 and each January 15 thereafter, the Board  
18 shall certify to the Governor and the General Assembly the  
19 amount of the required State contribution for the next fiscal  
20 year. The Board's certification must note, in a written  
21 response to the State Actuary, any deviations from the State  
22 Actuary's recommended changes, the reason or reasons for not  
23 following the State Actuary's recommended changes, and the  
24 fiscal impact of not following the State Actuary's recommended  
25 changes on the required State contribution.

26 (a-10) For purposes of Section (c-5) of Section 20 of the

1 Budget Stabilization Act, on or before November 1 of each year  
2 beginning November 1, 2014, the Board shall determine the  
3 amount of the State contribution to the System that would have  
4 been required for the next fiscal year if this amendatory Act  
5 of the 98th General Assembly had not taken effect, using the  
6 best and most recent available data but based on the law in  
7 effect on May 31, 2014. The Board shall submit to the State  
8 Actuary, the Governor, and the General Assembly a proposed  
9 certification, along with the relevant law, actuarial  
10 assumptions, calculations, and data upon which that  
11 certification is based. On or before January 1, 2015 and every  
12 January 1 thereafter, the State Actuary shall issue a  
13 preliminary report concerning the proposed certification and  
14 identifying, if necessary, recommended changes in actuarial  
15 assumptions that the Board must consider before finalizing its  
16 certification. On or before January 15, 2015 and every January  
17 1 thereafter, the Board shall certify to the Governor and the  
18 General Assembly the amount of the State contribution to the  
19 System that would have been required for the next fiscal year  
20 if this amendatory Act of the 98th General Assembly had not  
21 taken effect, using the best and most recent available data but  
22 based on the law in effect on May 31, 2014. The Board's  
23 certification must note any deviations from the State Actuary's  
24 recommended changes, the reason or reasons for not following  
25 the State Actuary's recommended changes, and the impact of not  
26 following the State Actuary's recommended changes.

1           (b) The Board shall certify to the State Comptroller or  
2 employer, as the case may be, from time to time, by its  
3 chairperson and secretary, with its seal attached, the amounts  
4 payable to the System from the various funds.

5           (c) Beginning in State fiscal year 1996, on or as soon as  
6 possible after the 15th day of each month the Board shall  
7 submit vouchers for payment of State contributions to the  
8 System, in a total monthly amount of one-twelfth of the  
9 required annual State contribution certified under subsection  
10 (a). From the effective date of this amendatory Act of the 93rd  
11 General Assembly through June 30, 2004, the Board shall not  
12 submit vouchers for the remainder of fiscal year 2004 in excess  
13 of the fiscal year 2004 certified contribution amount  
14 determined under this Section after taking into consideration  
15 the transfer to the System under subsection (b) of Section  
16 6z-61 of the State Finance Act. These vouchers shall be paid by  
17 the State Comptroller and Treasurer by warrants drawn on the  
18 funds appropriated to the System for that fiscal year.

19           If in any month the amount remaining unexpended from all  
20 other appropriations to the System for the applicable fiscal  
21 year (including the appropriations to the System under Section  
22 8.12 of the State Finance Act and Section 1 of the State  
23 Pension Funds Continuing Appropriation Act) is less than the  
24 amount lawfully vouchered under this Section, the difference  
25 shall be paid from the General Revenue Fund under the  
26 continuing appropriation authority provided in Section 1.1 of

1 the State Pension Funds Continuing Appropriation Act.

2 (d) So long as the payments received are the full amount  
3 lawfully vouchered under this Section, payments received by the  
4 System under this Section shall be applied first toward the  
5 employer contribution to the self-managed plan established  
6 under Section 15-158.2. Payments shall be applied second toward  
7 the employer's portion of the normal costs of the System, as  
8 defined in subsection (f) of Section 15-155. The balance shall  
9 be applied toward the unfunded actuarial liabilities of the  
10 System.

11 (e) In the event that the System does not receive, as a  
12 result of legislative enactment or otherwise, payments  
13 sufficient to fully fund the employer contribution to the  
14 self-managed plan established under Section 15-158.2 and to  
15 fully fund that portion of the employer's portion of the normal  
16 costs of the System, as calculated in accordance with Section  
17 15-155(a-1), then any payments received shall be applied  
18 proportionately to the optional retirement program established  
19 under Section 15-158.2 and to the employer's portion of the  
20 normal costs of the System, as calculated in accordance with  
21 Section 15-155(a-1).

22 (Source: P.A. 97-694, eff. 6-18-12; 98-92, eff. 7-16-13.)

23 (40 ILCS 5/15-198)

24 Sec. 15-198. Application and expiration of new benefit  
25 increases.



1 (a) As used in this Section, "new benefit increase" means  
2 an increase in the amount of any benefit provided under this  
3 Article, or an expansion of the conditions of eligibility for  
4 any benefit under this Article, that results from an amendment  
5 to this Code that takes effect after the effective date of this  
6 amendatory Act of the 94th General Assembly. "New benefit  
7 increase", however, does not include any benefit increase  
8 resulting from the changes made by this amendatory Act of the  
9 98th General Assembly.

10 (b) Notwithstanding any other provision of this Code or any  
11 subsequent amendment to this Code, every new benefit increase  
12 is subject to this Section and shall be deemed to be granted  
13 only in conformance with and contingent upon compliance with  
14 the provisions of this Section.

15 (c) The Public Act enacting a new benefit increase must  
16 identify and provide for payment to the System of additional  
17 funding at least sufficient to fund the resulting annual  
18 increase in cost to the System as it accrues.

19 Every new benefit increase is contingent upon the General  
20 Assembly providing the additional funding required under this  
21 subsection. The Commission on Government Forecasting and  
22 Accountability shall analyze whether adequate additional  
23 funding has been provided for the new benefit increase and  
24 shall report its analysis to the Public Pension Division of the  
25 Department of Insurance ~~Financial and Professional Regulation~~.

26 A new benefit increase created by a Public Act that does not

1 include the additional funding required under this subsection  
2 is null and void. If the Public Pension Division determines  
3 that the additional funding provided for a new benefit increase  
4 under this subsection is or has become inadequate, it may so  
5 certify to the Governor and the State Comptroller and, in the  
6 absence of corrective action by the General Assembly, the new  
7 benefit increase shall expire at the end of the fiscal year in  
8 which the certification is made.

9 (d) Every new benefit increase shall expire 5 years after  
10 its effective date or on such earlier date as may be specified  
11 in the language enacting the new benefit increase or provided  
12 under subsection (c). This does not prevent the General  
13 Assembly from extending or re-creating a new benefit increase  
14 by law.

15 (e) Except as otherwise provided in the language creating  
16 the new benefit increase, a new benefit increase that expires  
17 under this Section continues to apply to persons who applied  
18 and qualified for the affected benefit while the new benefit  
19 increase was in effect and to the affected beneficiaries and  
20 alternate payees of such persons, but does not apply to any  
21 other person, including without limitation a person who  
22 continues in service after the expiration date and did not  
23 apply and qualify for the affected benefit while the new  
24 benefit increase was in effect.

25 (Source: P.A. 94-4, eff. 6-1-05.)

1 (40 ILCS 5/15-200 new)

2 Sec. 15-200. Defined contribution plan.

3 (a) By July 1, 2015, the System shall prepare and implement  
4 a voluntary defined contribution plan for up to 5% of eligible  
5 active Tier 1 members. The System shall determine the 5% cap by  
6 determining the number of Tier 1 active employees on the  
7 effective date of this Section. The defined contribution plan  
8 developed under this Section shall be a plan that aggregates  
9 employer and employee contributions in individual participant  
10 accounts which, after meeting any other requirements, are used  
11 for payouts after retirement in accordance with this Section  
12 and any other applicable laws.

13 As used in this Section, "defined benefit plan" means the  
14 retirement plan available under this Article to Tier 1 members  
15 who have not made the election authorized under this Section.

16 (1) Under the defined contribution plan, an active Tier  
17 1 member of this System could elect to cease accruing  
18 benefits in the defined benefit plan under this Article and  
19 begin accruing benefits for future service in the defined  
20 contribution plan. Service credit under the defined  
21 contribution plan may be used for determining retirement  
22 eligibility under the defined benefit plan.

23 (2) Participants in the defined contribution plan  
24 shall pay employee contributions at the same rate as other  
25 participants under this Article as determined by the  
26 System.

1           (3) State contributions shall be paid into the accounts  
2 of all participants in the defined contribution plan at a  
3 uniform rate, expressed as a percentage of earnings and  
4 determined for each year. This rate shall be no higher than  
5 the employer's normal cost for Tier 1 members in the  
6 defined benefit plan for that year, as determined by the  
7 System and expressed as a percentage of earnings, and shall  
8 be no lower than 3% of earnings. The State shall adjust  
9 this rate annually.

10           (4) The defined contribution plan shall require 5 years  
11 of participation in the defined contribution plan before  
12 vesting in State contributions. If the participant fails to  
13 vest in them, the State contributions, and the earnings  
14 thereon, shall be forfeited.

15           (5) The defined contribution plan may provide for  
16 participants in the plan to be eligible for the defined  
17 disability benefits available to other participants under  
18 this Article. If it does, the System shall reduce the  
19 employee contributions credited to the member's defined  
20 contribution plan account by an amount determined by the  
21 System to cover the cost of offering such benefits.

22           (6) The defined contribution plan shall provide a  
23 variety of options for investments. These options shall  
24 include investments handled by the System as well as  
25 private sector investment options.

26           (7) The defined contribution plan shall provide a

1 variety of options for payouts to retirees and their  
2 survivors.

3 (8) To the extent authorized under federal law and as  
4 authorized by the System, the plan shall allow former  
5 participants in the plan to transfer or roll over employee  
6 and vested State contributions, and the earnings thereon,  
7 into other qualified retirement plans.

8 (9) The System shall reduce the employee contributions  
9 credited to the member's defined contribution plan account  
10 by an amount determined by the System to cover the cost of  
11 offering these benefits and any applicable administrative  
12 fees.

13 (b) Only persons who are active Tier 1 members of the  
14 System on the effective date of this Section are eligible to  
15 participate in the defined contribution plan. Participation in  
16 the defined contribution plan shall be limited to the first 5%  
17 of eligible persons who elect to participate. The election to  
18 participate in the defined contribution plan is voluntary and  
19 irrevocable.

20 (c) An eligible Tier 1 employee may irrevocably elect to  
21 participate in the defined contribution plan by filing with the  
22 System a written application to participate that is received by  
23 the System prior to its determination that 5% of eligible  
24 persons have elected to participate in the defined contribution  
25 plan.

26 When the System first determines that 5% of eligible

1 persons have elected to participate in the defined contribution  
2 plan, the System shall provide notice to previously eligible  
3 employees that the plan is no longer available and shall cease  
4 accepting applications to participate.

5 (d) The System shall make a good faith effort to contact  
6 each active Tier 1 member who is eligible to participate in the  
7 defined contribution plan. The System shall mail information  
8 describing the option to join the defined contribution plan to  
9 each of these employees to his or her last known address on  
10 file with the System. If the employee is not responsive to  
11 other means of contact, it is sufficient for the System to  
12 publish the details of the option on its website.

13 Upon request for further information describing the  
14 option, the System shall provide employees with information  
15 from the System before exercising the option to join the plan,  
16 including information on the impact to their vested benefits or  
17 non-vested service. The individual consultation shall include  
18 projections of the member's defined benefits at retirement or  
19 earlier termination of service and the value of the member's  
20 account at retirement or earlier termination of service. The  
21 System shall not provide advice or counseling with respect to  
22 whether the employee should exercise the option. The System  
23 shall inform Tier 1 employees who are eligible to participate  
24 in the defined contribution plan that they may also wish to  
25 obtain information and counsel relating to their option from  
26 any other available source, including but not limited to labor

1 organizations, private counsel, and financial advisors.

2 (e) In no event shall the System, its staff, its authorized  
3 representatives, or the Board be liable for any information  
4 given to an employee under this Section. The System may  
5 coordinate with the Illinois Department of Central Management  
6 Services and other retirement systems administering a defined  
7 contribution plan in accordance with this amendatory Act of the  
8 98th General Assembly to provide information concerning the  
9 impact of the option set forth in this Section.

10 (f) Notwithstanding any other provision of this Section, no  
11 person shall begin participating in the defined contribution  
12 plan until it has attained qualified plan status and received  
13 all necessary approvals from the U.S. Internal Revenue Service.

14 (g) The System shall report on its progress under this  
15 Section, including the available details of the defined  
16 contribution plan and the System's plans for informing eligible  
17 Tier 1 members about the plan, to the Governor and the General  
18 Assembly on or before January 15, 2015.

19 (40 ILCS 5/15-201 new)

20 Sec. 15-201. Defined contribution plan; termination. If  
21 the defined contribution plan is terminated or becomes  
22 inoperative pursuant to law, then each participant in the plan  
23 shall automatically be deemed to have been a contributing Tier  
24 1 member participating in the System's defined benefit plan  
25 during the time in which he or she participated in the defined

1 contribution plan, and for that purpose the System shall be  
2 entitled to recover the amounts in the participant's defined  
3 contribution accounts.

4 (40 ILCS 5/16-106) (from Ch. 108 1/2, par. 16-106)  
5 Sec. 16-106. Teacher. "Teacher": The following  
6 individuals, provided that, for employment prior to July 1,  
7 1990, they are employed on a full-time basis, or if not  
8 full-time, on a permanent and continuous basis in a position in  
9 which services are expected to be rendered for at least one  
10 school term:

11 (1) Any educational, administrative, professional or  
12 other staff employed in the public common schools included  
13 within this system in a position requiring certification  
14 under the law governing the certification of teachers;

15 (2) Any educational, administrative, professional or  
16 other staff employed in any facility of the Department of  
17 Children and Family Services or the Department of Human  
18 Services, in a position requiring certification under the  
19 law governing the certification of teachers, and any person  
20 who (i) works in such a position for the Department of  
21 Corrections, (ii) was a member of this System on May 31,  
22 1987, and (iii) did not elect to become a member of the  
23 State Employees' Retirement System pursuant to Section  
24 14-108.2 of this Code; except that "teacher" does not  
25 include any person who (A) becomes a security employee of



1 the Department of Human Services, as defined in Section  
2 14-110, after June 28, 2001 (the effective date of Public  
3 Act 92-14), or (B) becomes a member of the State Employees'  
4 Retirement System pursuant to Section 14-108.2c of this  
5 Code;

6 (3) Any regional superintendent of schools, assistant  
7 regional superintendent of schools, State Superintendent  
8 of Education; any person employed by the State Board of  
9 Education as an executive; any executive of the boards  
10 engaged in the service of public common school education in  
11 school districts covered under this system of which the  
12 State Superintendent of Education is an ex-officio member;

13 (4) Any employee of a school board association  
14 operating in compliance with Article 23 of the School Code  
15 who is certificated under the law governing the  
16 certification of teachers, provided that he or she becomes  
17 such an employee before the effective date of this  
18 amendatory Act of the 98th General Assembly;

19 (5) Any person employed by the retirement system who:

20 (i) was an employee of and a participant in the  
21 system on August 17, 2001 (the effective date of Public  
22 Act 92-416), or

23 (ii) becomes an employee of the system on or after  
24 August 17, 2001;

25 (6) Any educational, administrative, professional or  
26 other staff employed by and under the supervision and

1 control of a regional superintendent of schools, provided  
2 such employment position requires the person to be  
3 certificated under the law governing the certification of  
4 teachers and is in an educational program serving 2 or more  
5 districts in accordance with a joint agreement authorized  
6 by the School Code or by federal legislation;

7 (7) Any educational, administrative, professional or  
8 other staff employed in an educational program serving 2 or  
9 more school districts in accordance with a joint agreement  
10 authorized by the School Code or by federal legislation and  
11 in a position requiring certification under the laws  
12 governing the certification of teachers;

13 (8) Any officer or employee of a statewide teacher  
14 organization or officer of a national teacher organization  
15 who is certified under the law governing certification of  
16 teachers, provided: (i) the individual had previously  
17 established creditable service under this Article, (ii)  
18 the individual files with the system an irrevocable  
19 election to become a member before the effective date of  
20 this amendatory Act of the 97th General Assembly, (iii) the  
21 individual does not receive credit for such service under  
22 any other Article of this Code, and (iv) the individual  
23 first became an officer or employee of the teacher  
24 organization and becomes a member before the effective date  
25 of this amendatory Act of the 97th General Assembly;

26 (9) Any educational, administrative, professional, or

1 other staff employed in a charter school operating in  
2 compliance with the Charter Schools Law who is certificated  
3 under the law governing the certification of teachers;

4 (10) Any person employed, on the effective date of this  
5 amendatory Act of the 94th General Assembly, by the  
6 Macon-Piatt Regional Office of Education in a  
7 birth-through-age-three pilot program receiving funds  
8 under Section 2-389 of the School Code who is required by  
9 the Macon-Piatt Regional Office of Education to hold a  
10 teaching certificate, provided that the Macon-Piatt  
11 Regional Office of Education makes an election, within 6  
12 months after the effective date of this amendatory Act of  
13 the 94th General Assembly, to have the person participate  
14 in the system. Any service established prior to the  
15 effective date of this amendatory Act of the 94th General  
16 Assembly for service as an employee of the Macon-Piatt  
17 Regional Office of Education in a birth-through-age-three  
18 pilot program receiving funds under Section 2-389 of the  
19 School Code shall be considered service as a teacher if  
20 employee and employer contributions have been received by  
21 the system and the system has not refunded those  
22 contributions.

23 An annuitant receiving a retirement annuity under this  
24 Article or under Article 17 of this Code who is employed by a  
25 board of education or other employer as permitted under Section  
26 16-118 or 16-150.1 is not a "teacher" for purposes of this

1 Article. A person who has received a single-sum retirement  
2 benefit under Section 16-136.4 of this Article is not a  
3 "teacher" for purposes of this Article.

4 (Source: P.A. 97-651, eff. 1-5-12; 98-463, eff. 8-16-13.)

5 (40 ILCS 5/16-106.4 new)

6 Sec. 16-106.4. Tier 1 member. "Tier 1 member": A member  
7 under this Article who first became a member or participant  
8 before January 1, 2011 under any reciprocal retirement system  
9 or pension fund established under this Code other than a  
10 retirement system or pension fund established under Article 2,  
11 3, 4, 5, 6, or 18 of this Code.

12 (40 ILCS 5/16-112) (from Ch. 108 1/2, par. 16-112)

13 Sec. 16-112. Regular interest.

14 "Regular interest":

15 (a) For computations based upon prior service credits,  
16 interest at the following rates compounded annually: For  
17 periods prior to July 1, 1947, 4% per year; for periods from  
18 July 1, 1947 through June 30, 1971, 3% per year; for periods  
19 from July 1, 1971 through June 30, 1977 at the rate of 4% per  
20 year; for periods from July 1, 1977 through June 30, 1981, 5%  
21 per year; for periods after June 30, 1981 through June 30,  
22 2014, 6% per year.

23 (b) For computations based upon membership service  
24 credits, interest at the following rates, compounded annually:

1 For periods prior to July 1, 1971, 3% per year; for periods  
2 from July 1, 1971 through June 30, 1977, 4% per year; for  
3 periods from July 1, 1977 through June 30, 1981, 5% per year;  
4 for periods after June 30, 1981 through June 30, 2014, 6% per  
5 year.

6 (c) For a fiscal year that begins on or after July 1, 2014,  
7 for all computations, the interest rate of 30-year United  
8 States Treasury bonds on July 1 of that given fiscal year, plus  
9 75 basis points.

10 (Source: P.A. 83-1440.)

11 (40 ILCS 5/16-121) (from Ch. 108 1/2, par. 16-121)

12 Sec. 16-121. Salary. "Salary": The actual compensation  
13 received by a teacher during any school year and recognized by  
14 the system in accordance with rules of the board. For purposes  
15 of this Section, "school year" includes the regular school term  
16 plus any additional period for which a teacher is compensated  
17 and such compensation is recognized by the rules of the board.

18 In the case of a person who first becomes a member on or  
19 after the effective date of this amendatory Act of the 98th  
20 General Assembly, "salary" shall not include any payment for  
21 unused sick or vacation time.

22 Notwithstanding any other provision of this Code, the  
23 annual salary of a Tier 1 member for the purposes of this Code  
24 shall not exceed, for periods of service on or after the  
25 effective date of this amendatory Act of the 98th General

1 Assembly, the greater of (i) the annual limitation determined  
2 from time to time under subsection (b-5) of Section 1-160 of  
3 this Code, (ii) the annualized salary of the Tier 1 member on  
4 that effective date, or (iii) the annualized salary of the Tier  
5 1 member immediately preceding the expiration, renewal, or  
6 amendment of an employment contract or collective bargaining  
7 agreement in effect on that effective date.

8 (Source: P.A. 84-1028.)

9 (40 ILCS 5/16-127) (from Ch. 108 1/2, par. 16-127)  
10 Sec. 16-127. Computation of creditable service.

11 (a) Each member shall receive regular credit for all  
12 service as a teacher from the date membership begins, for which  
13 satisfactory evidence is supplied and all contributions have  
14 been paid.

15 (b) The following periods of service shall earn optional  
16 credit and each member shall receive credit for all such  
17 service for which satisfactory evidence is supplied and all  
18 contributions have been paid as of the date specified:

19 (1) Prior service as a teacher.

20 (2) Service in a capacity essentially similar or  
21 equivalent to that of a teacher, in the public common  
22 schools in school districts in this State not included  
23 within the provisions of this System, or of any other  
24 State, territory, dependency or possession of the United  
25 States, or in schools operated by or under the auspices of

1 the United States, or under the auspices of any agency or  
2 department of any other State, and service during any  
3 period of professional speech correction or special  
4 education experience for a public agency within this State  
5 or any other State, territory, dependency or possession of  
6 the United States, and service prior to February 1, 1951 as  
7 a recreation worker for the Illinois Department of Public  
8 Safety, for a period not exceeding the lesser of 2/5 of the  
9 total creditable service of the member or 10 years. The  
10 maximum service of 10 years which is allowable under this  
11 paragraph shall be reduced by the service credit which is  
12 validated by other retirement systems under paragraph (i)  
13 of Section 15-113 and paragraph 1 of Section 17-133. Credit  
14 granted under this paragraph may not be used in  
15 determination of a retirement annuity or disability  
16 benefits unless the member has at least 5 years of  
17 creditable service earned subsequent to this employment  
18 with one or more of the following systems: Teachers'  
19 Retirement System of the State of Illinois, State  
20 Universities Retirement System, and the Public School  
21 Teachers' Pension and Retirement Fund of Chicago. Whenever  
22 such service credit exceeds the maximum allowed for all  
23 purposes of this Article, the first service rendered in  
24 point of time shall be considered. The changes to this  
25 subdivision (b) (2) made by Public Act 86-272 shall apply  
26 not only to persons who on or after its effective date

1 (August 23, 1989) are in service as a teacher under the  
2 System, but also to persons whose status as such a teacher  
3 terminated prior to such effective date, whether or not  
4 such person is an annuitant on that date.

5 (3) Any periods immediately following teaching  
6 service, under this System or under Article 17, (or  
7 immediately following service prior to February 1, 1951 as  
8 a recreation worker for the Illinois Department of Public  
9 Safety) spent in active service with the military forces of  
10 the United States; periods spent in educational programs  
11 that prepare for return to teaching sponsored by the  
12 federal government following such active military service;  
13 if a teacher returns to teaching service within one  
14 calendar year after discharge or after the completion of  
15 the educational program, a further period, not exceeding  
16 one calendar year, between time spent in military service  
17 or in such educational programs and the return to  
18 employment as a teacher under this System; and a period of  
19 up to 2 years of active military service not immediately  
20 following employment as a teacher.

21 The changes to this Section and Section 16-128 relating  
22 to military service made by P.A. 87-794 shall apply not  
23 only to persons who on or after its effective date are in  
24 service as a teacher under the System, but also to persons  
25 whose status as a teacher terminated prior to that date,  
26 whether or not the person is an annuitant on that date. In



1 the case of an annuitant who applies for credit allowable  
2 under this Section for a period of military service that  
3 did not immediately follow employment, and who has made the  
4 required contributions for such credit, the annuity shall  
5 be recalculated to include the additional service credit,  
6 with the increase taking effect on the date the System  
7 received written notification of the annuitant's intent to  
8 purchase the credit, if payment of all the required  
9 contributions is made within 60 days of such notice, or  
10 else on the first annuity payment date following the date  
11 of payment of the required contributions. In calculating  
12 the automatic annual increase for an annuity that has been  
13 recalculated under this Section, the increase attributable  
14 to the additional service allowable under P.A. 87-794 shall  
15 be included in the calculation of automatic annual  
16 increases accruing after the effective date of the  
17 recalculation.

18 Credit for military service shall be determined as  
19 follows: if entry occurs during the months of July, August,  
20 or September and the member was a teacher at the end of the  
21 immediately preceding school term, credit shall be granted  
22 from July 1 of the year in which he or she entered service;  
23 if entry occurs during the school term and the teacher was  
24 in teaching service at the beginning of the school term,  
25 credit shall be granted from July 1 of such year. In all  
26 other cases where credit for military service is allowed,

1 credit shall be granted from the date of entry into the  
2 service.

3 The total period of military service for which credit  
4 is granted shall not exceed 5 years for any member unless  
5 the service: (A) is validated before July 1, 1964, and (B)  
6 does not extend beyond July 1, 1963. Credit for military  
7 service shall be granted under this Section only if not  
8 more than 5 years of the military service for which credit  
9 is granted under this Section is used by the member to  
10 qualify for a military retirement allotment from any branch  
11 of the armed forces of the United States. The changes to  
12 this subdivision (b)(3) made by Public Act 86-272 shall  
13 apply not only to persons who on or after its effective  
14 date (August 23, 1989) are in service as a teacher under  
15 the System, but also to persons whose status as such a  
16 teacher terminated prior to such effective date, whether or  
17 not such person is an annuitant on that date.

18 (4) Any periods served as a member of the General  
19 Assembly.

20 (5) (i) Any periods for which a teacher, as defined in  
21 Section 16-106, is granted a leave of absence, provided he  
22 or she returns to teaching service creditable under this  
23 System or the State Universities Retirement System  
24 following the leave; (ii) periods during which a teacher is  
25 involuntarily laid off from teaching, provided he or she  
26 returns to teaching following the lay-off; (iii) periods

1 prior to July 1, 1983 during which a teacher ceased covered  
2 employment due to pregnancy, provided that the teacher  
3 returned to teaching service creditable under this System  
4 or the State Universities Retirement System following the  
5 pregnancy and submits evidence satisfactory to the Board  
6 documenting that the employment ceased due to pregnancy;  
7 and (iv) periods prior to July 1, 1983 during which a  
8 teacher ceased covered employment for the purpose of  
9 adopting an infant under 3 years of age or caring for a  
10 newly adopted infant under 3 years of age, provided that  
11 the teacher returned to teaching service creditable under  
12 this System or the State Universities Retirement System  
13 following the adoption and submits evidence satisfactory  
14 to the Board documenting that the employment ceased for the  
15 purpose of adopting an infant under 3 years of age or  
16 caring for a newly adopted infant under 3 years of age.  
17 However, total credit under this paragraph (5) may not  
18 exceed 3 years.

19 Any qualified member or annuitant may apply for credit  
20 under item (iii) or (iv) of this paragraph (5) without  
21 regard to whether service was terminated before the  
22 effective date of this amendatory Act of 1997. In the case  
23 of an annuitant who establishes credit under item (iii) or  
24 (iv), the annuity shall be recalculated to include the  
25 additional service credit. The increase in annuity shall  
26 take effect on the date the System receives written

1 notification of the annuitant's intent to purchase the  
2 credit, if the required evidence is submitted and the  
3 required contribution paid within 60 days of that  
4 notification, otherwise on the first annuity payment date  
5 following the System's receipt of the required evidence and  
6 contribution. The increase in an annuity recalculated  
7 under this provision shall be included in the calculation  
8 of automatic annual increases in the annuity accruing after  
9 the effective date of the recalculation.

10 Optional credit may be purchased under this subsection  
11 (b) (5) for periods during which a teacher has been granted  
12 a leave of absence pursuant to Section 24-13 of the School  
13 Code. A teacher whose service under this Article terminated  
14 prior to the effective date of P.A. 86-1488 shall be  
15 eligible to purchase such optional credit. If a teacher who  
16 purchases this optional credit is already receiving a  
17 retirement annuity under this Article, the annuity shall be  
18 recalculated as if the annuitant had applied for the leave  
19 of absence credit at the time of retirement. The difference  
20 between the entitled annuity and the actual annuity shall  
21 be credited to the purchase of the optional credit. The  
22 remainder of the purchase cost of the optional credit shall  
23 be paid on or before April 1, 1992.

24 The change in this paragraph made by Public Act 86-273  
25 shall be applicable to teachers who retire after June 1,  
26 1989, as well as to teachers who are in service on that

1 date.

2 (6) For a person who first becomes a member before the  
3 effective date of this amendatory Act of the 98th General  
4 Assembly, any ~~Any~~ days of unused and uncompensated  
5 accumulated sick leave earned by a teacher. The service  
6 credit granted under this paragraph shall be the ratio of  
7 the number of unused and uncompensated accumulated sick  
8 leave days to 170 days, subject to a maximum of 2 years of  
9 service credit. Prior to the member's retirement, each  
10 former employer shall certify to the System the number of  
11 unused and uncompensated accumulated sick leave days  
12 credited to the member at the time of termination of  
13 service. The period of unused sick leave shall not be  
14 considered in determining the effective date of  
15 retirement. A member is not required to make contributions  
16 in order to obtain service credit for unused sick leave.

17 Credit for sick leave shall, at retirement, be granted  
18 by the System for any retiring regional or assistant  
19 regional superintendent of schools who first becomes a  
20 member before the effective date of this amendatory Act of  
21 the 98th General Assembly at the rate of 6 days per year of  
22 creditable service or portion thereof established while  
23 serving as such superintendent or assistant  
24 superintendent.

25 (7) Periods prior to February 1, 1987 served as an  
26 employee of the Illinois Mathematics and Science Academy

1 for which credit has not been terminated under Section  
2 15-113.9 of this Code.

3 (8) Service as a substitute teacher for work performed  
4 prior to July 1, 1990.

5 (9) Service as a part-time teacher for work performed  
6 prior to July 1, 1990.

7 (10) Up to 2 years of employment with Southern Illinois  
8 University - Carbondale from September 1, 1959 to August  
9 31, 1961, or with Governors State University from September  
10 1, 1972 to August 31, 1974, for which the teacher has no  
11 credit under Article 15. To receive credit under this item  
12 (10), a teacher must apply in writing to the Board and pay  
13 the required contributions before May 1, 1993 and have at  
14 least 12 years of service credit under this Article.

15 (b-1) A member may establish optional credit for up to 2  
16 years of service as a teacher or administrator employed by a  
17 private school recognized by the Illinois State Board of  
18 Education, provided that the teacher (i) was certified under  
19 the law governing the certification of teachers at the time the  
20 service was rendered, (ii) applies in writing on or after  
21 August 1, 2009 and on or before August 1, 2012, (iii) supplies  
22 satisfactory evidence of the employment, (iv) completes at  
23 least 10 years of contributing service as a teacher as defined  
24 in Section 16-106, and (v) pays the contribution required in  
25 subsection (d-5) of Section 16-128. The member may apply for  
26 credit under this subsection and pay the required contribution

1 before completing the 10 years of contributing service required  
2 under item (iv), but the credit may not be used until the item  
3 (iv) contributing service requirement has been met.

4 (c) The service credits specified in this Section shall be  
5 granted only if: (1) such service credits are not used for  
6 credit in any other statutory tax-supported public employee  
7 retirement system other than the federal Social Security  
8 program; and (2) the member makes the required contributions as  
9 specified in Section 16-128. Except as provided in subsection  
10 (b-1) of this Section, the service credit shall be effective as  
11 of the date the required contributions are completed.

12 Any service credits granted under this Section shall  
13 terminate upon cessation of membership for any cause.

14 Credit may not be granted under this Section covering any  
15 period for which an age retirement or disability retirement  
16 allowance has been paid.

17 (Source: P.A. 96-546, eff. 8-17-09.)

18 (40 ILCS 5/16-132) (from Ch. 108 1/2, par. 16-132)

19 Sec. 16-132. Retirement annuity eligibility.

20 (a) A member who has at least 20 years of creditable  
21 service is entitled to a retirement annuity upon or after  
22 attainment of age 55. A member who has at least 10 but less  
23 than 20 years of creditable service is entitled to a retirement  
24 annuity upon or after attainment of age 60. A member who has at  
25 least 5 but less than 10 years of creditable service is

1 entitled to a retirement annuity upon or after attainment of  
2 age 62. A member who (i) has earned during the period  
3 immediately preceding the last day of service at least one year  
4 of contributing creditable service as an employee of a  
5 department as defined in Section 14-103.04, (ii) has earned at  
6 least 5 years of contributing creditable service as an employee  
7 of a department as defined in Section 14-103.04, and (iii)  
8 retires on or after January 1, 2001 is entitled to a retirement  
9 annuity upon or after attainment of an age which, when added to  
10 the number of years of his or her total creditable service,  
11 equals at least 85. Portions of years shall be counted as  
12 decimal equivalents.

13 A member who is eligible to receive a retirement annuity of  
14 at least 74.6% of final average salary and will attain age 55  
15 on or before December 31 during the year which commences on  
16 July 1 shall be deemed to attain age 55 on the preceding June  
17 1.

18 (b) Notwithstanding subsection (a) of this Section, for a  
19 Tier 1 member who begins receiving a retirement annuity under  
20 this Section on or after July 1, 2014, the required retirement  
21 age under subsection (a) is increased as follows, based on the  
22 Tier 1 member's age on June 1, 2014:

23 (1) If he or she is at least age 46 on June 1, 2014,  
24 then the required retirement ages under subsection (a)  
25 remain unchanged.

26 (2) If he or she is at least age 45 but less than age 46



1 on June 1, 2014, then the required retirement ages under  
2 subsection (a) are increased by 4 months.

3 (3) If he or she is at least age 44 but less than age 45  
4 on June 1, 2014, then the required retirement ages under  
5 subsection (a) are increased by 8 months.

6 (4) If he or she is at least age 43 but less than age 44  
7 on June 1, 2014, then the required retirement ages under  
8 subsection (a) are increased by 12 months.

9 (5) If he or she is at least age 42 but less than age 43  
10 on June 1, 2014, then the required retirement ages under  
11 subsection (a) are increased by 16 months.

12 (6) If he or she is at least age 41 but less than age 42  
13 on June 1, 2014, then the required retirement ages under  
14 subsection (a) are increased by 20 months.

15 (7) If he or she is at least age 40 but less than age 41  
16 on June 1, 2014, then the required retirement ages under  
17 subsection (a) are increased by 24 months.

18 (8) If he or she is at least age 39 but less than age 40  
19 on June 1, 2014, then the required retirement ages under  
20 subsection (a) are increased by 28 months.

21 (9) If he or she is at least age 38 but less than age 39  
22 on June 1, 2014, then the required retirement ages under  
23 subsection (a) are increased by 32 months.

24 (10) If he or she is at least age 37 but less than age  
25 38 on June 1, 2014, then the required retirement ages under  
26 subsection (a) are increased by 36 months.

1           (11) If he or she is at least age 36 but less than age  
2           37 on June 1, 2014, then the required retirement ages under  
3           subsection (a) are increased by 40 months.

4           (12) If he or she is at least age 35 but less than age  
5           36 on June 1, 2014, then the required retirement ages under  
6           subsection (a) are increased by 44 months.

7           (13) If he or she is at least age 34 but less than age  
8           35 on June 1, 2014, then the required retirement ages under  
9           subsection (a) are increased by 48 months.

10           (14) If he or she is at least age 33 but less than age  
11           34 on June 1, 2014, then the required retirement ages under  
12           subsection (a) are increased by 52 months.

13           (15) If he or she is at least age 32 but less than age  
14           33 on June 1, 2014, then the required retirement ages under  
15           subsection (a) are increased by 56 months.

16           (16) If he or she is less than age 32 on June 1, 2014,  
17           then the required retirement ages under subsection (a) are  
18           increased by 60 months.

19           Notwithstanding Section 1-103.1, this subsection (b)  
20           applies without regard to whether or not the Tier 1 member is  
21           in active service under this Article on or after the effective  
22           date of this amendatory Act of the 98th General Assembly.

23           (c) A member meeting the above eligibility conditions is  
24           entitled to a retirement annuity upon written application to  
25           the board setting forth the date the member wishes the  
26           retirement annuity to commence. However, the effective date of

1 the retirement annuity shall be no earlier than the day  
2 following the last day of creditable service, regardless of the  
3 date of official termination of employment.

4 (d) To be eligible for a retirement annuity, a member shall  
5 not be employed as a teacher in the schools included under this  
6 System or under Article 17, except (i) as provided in Section  
7 16-118 or 16-150.1, (ii) if the member is disabled (in which  
8 event, eligibility for salary must cease), or (iii) if the  
9 System is required by federal law to commence payment due to  
10 the member's age; the changes to this sentence made by Public  
11 Act 93-320 ~~this amendatory Act of the 93rd General Assembly~~  
12 apply without regard to whether the member terminated  
13 employment before or after its effective date.

14 (Source: P.A. 93-320, eff. 7-23-03.)

15 (40 ILCS 5/16-133) (from Ch. 108 1/2, par. 16-133)  
16 Sec. 16-133. Retirement annuity; amount.

17 (a) The amount of the retirement annuity shall be (i) in  
18 the case of a person who first became a teacher under this  
19 Article before July 1, 2005, the larger of the amounts  
20 determined under paragraphs (A) and (B) below, or (ii) in the  
21 case of a person who first becomes a teacher under this Article  
22 on or after July 1, 2005, the amount determined under the  
23 applicable provisions of paragraph (B):

24 (A) An amount consisting of the sum of the following:

25 (1) An amount that can be provided on an

1           actuarially equivalent basis (using the rate of  
2 regular interest in effect at the time of retirement  
3 for retirements occurring on or after July 1, 2014) by  
4 the member's accumulated contributions at the time of  
5 retirement; and

6           (2) The sum of (i) the amount that can be provided  
7 on an actuarially equivalent basis (using the rate of  
8 regular interest in effect at the time of retirement  
9 for retirements occurring on or after July 1, 2014) by  
10 the member's accumulated contributions representing  
11 service prior to July 1, 1947, and (ii) the amount that  
12 can be provided on an actuarially equivalent basis  
13 (using the rate of regular interest in effect at the  
14 time of retirement for retirements occurring on or  
15 after July 1, 2014) by the amount obtained by  
16 multiplying 1.4 times the member's accumulated  
17 contributions covering service subsequent to June 30,  
18 1947; and

19           (3) If there is prior service, 2 times the amount  
20 that would have been determined under subparagraph (2)  
21 of paragraph (A) above on account of contributions  
22 which would have been made during the period of prior  
23 service creditable to the member had the System been in  
24 operation and had the member made contributions at the  
25 contribution rate in effect prior to July 1, 1947.

26 Notwithstanding any other provision of this paragraph

1       (A), a teacher's retirement annuity calculated under this  
2       paragraph (A) shall not be less than the retirement annuity  
3       that teacher would have received under this paragraph (A)  
4       had he or she retired during the fiscal year preceding the  
5       effective date of this amendatory Act of the 98th General  
6       Assembly.

7               This paragraph (A) does not apply to a person who first  
8       becomes a teacher under this Article on or after July 1,  
9       2005.

10              (B) An amount consisting of the greater of the  
11       following:

12                      (1) For creditable service earned before July 1,  
13                      1998 that has not been augmented under Section  
14                      16-129.1: 1.67% of final average salary for each of the  
15                      first 10 years of creditable service, 1.90% of final  
16                      average salary for each year in excess of 10 but not  
17                      exceeding 20, 2.10% of final average salary for each  
18                      year in excess of 20 but not exceeding 30, and 2.30% of  
19                      final average salary for each year in excess of 30; and

20                      For creditable service earned on or after July 1,  
21                      1998 by a member who has at least 24 years of  
22                      creditable service on July 1, 1998 and who does not  
23                      elect to augment service under Section 16-129.1: 2.2%  
24                      of final average salary for each year of creditable  
25                      service earned on or after July 1, 1998 but before the  
26                      member reaches a total of 30 years of creditable

1 service and 2.3% of final average salary for each year  
2 of creditable service earned on or after July 1, 1998  
3 and after the member reaches a total of 30 years of  
4 creditable service; and

5 For all other creditable service: 2.2% of final  
6 average salary for each year of creditable service; or

7 (2) 1.5% of final average salary for each year of  
8 creditable service plus the sum \$7.50 for each of the  
9 first 20 years of creditable service.

10 The amount of the retirement annuity determined under this  
11 paragraph (B) shall be reduced by 1/2 of 1% for each month  
12 that the member is less than age 60 at the time the  
13 retirement annuity begins. However, this reduction shall  
14 not apply (i) if the member has at least 35 years of  
15 creditable service, or (ii) if the member retires on  
16 account of disability under Section 16-149.2 of this  
17 Article with at least 20 years of creditable service, or  
18 (iii) if the member (1) has earned during the period  
19 immediately preceding the last day of service at least one  
20 year of contributing creditable service as an employee of a  
21 department as defined in Section 14-103.04, (2) has earned  
22 at least 5 years of contributing creditable service as an  
23 employee of a department as defined in Section 14-103.04,  
24 (3) retires on or after January 1, 2001, and (4) retires  
25 having attained an age which, when added to the number of  
26 years of his or her total creditable service, equals at

1           least 85. Portions of years shall be counted as decimal  
2           equivalents.

3           (b) For purposes of this Section, final average salary  
4           shall be the average salary for the highest 4 consecutive years  
5           within the last 10 years of creditable service as determined  
6           under rules of the board. The minimum final average salary  
7           shall be considered to be \$2,400 per year.

8           In the determination of final average salary for members  
9           other than elected officials and their appointees when such  
10          appointees are allowed by statute, that part of a member's  
11          salary for any year beginning after June 30, 1979 which exceeds  
12          the member's annual full-time salary rate with the same  
13          employer for the preceding year by more than 20% shall be  
14          excluded. The exclusion shall not apply in any year in which  
15          the member's creditable earnings are less than 50% of the  
16          preceding year's mean salary for downstate teachers as  
17          determined by the survey of school district salaries provided  
18          in Section 2-3.103 of the School Code.

19          (c) In determining the amount of the retirement annuity  
20          under paragraph (B) of this Section, a fractional year shall be  
21          granted proportional credit.

22          (d) The retirement annuity determined under paragraph (B)  
23          of this Section shall be available only to members who render  
24          teaching service after July 1, 1947 for which member  
25          contributions are required, and to annuitants who re-enter  
26          under the provisions of Section 16-150.

1 (e) The maximum retirement annuity provided under  
2 paragraph (B) of this Section shall be 75% of final average  
3 salary.

4 (f) A member retiring after the effective date of this  
5 amendatory Act of 1998 shall receive a pension equal to 75% of  
6 final average salary if the member is qualified to receive a  
7 retirement annuity equal to at least 74.6% of final average  
8 salary under this Article or as proportional annuities under  
9 Article 20 of this Code.

10 (Source: P.A. 94-4, eff. 6-1-05.)

11 (40 ILCS 5/16-133.1) (from Ch. 108 1/2, par. 16-133.1)

12 Sec. 16-133.1. Automatic annual increase in annuity.

13 (a) This subsection (a) is subject to subsections (a-1) and  
14 (a-2). Each member with creditable service and retiring on or  
15 after August 26, 1969 is entitled to the automatic annual  
16 increases in annuity provided under this Section while  
17 receiving a retirement annuity or disability retirement  
18 annuity from the system.

19 An annuitant shall first be entitled to an initial increase  
20 under this Section on the January 1 next following the first  
21 anniversary of retirement, or January 1 of the year next  
22 following attainment of age 61, whichever is later. At such  
23 time, the system shall pay an initial increase determined as  
24 follows:

25 (1) 1.5% of the originally granted retirement annuity



1 or disability retirement annuity multiplied by the number  
2 of years elapsed, if any, from the date of retirement until  
3 January 1, 1972, plus

4 (2) 2% of the originally granted annuity multiplied by  
5 the number of years elapsed, if any, from the date of  
6 retirement or January 1, 1972, whichever is later, until  
7 January 1, 1978, plus

8 (3) 3% of the originally granted annuity multiplied by  
9 the number of years elapsed from the date of retirement or  
10 January 1, 1978, whichever is later, until the effective  
11 date of the initial increase.

12 However, the initial annual increase calculated under this  
13 Section for the recipient of a disability retirement annuity  
14 granted under Section 16-149.2 shall be reduced by an amount  
15 equal to the total of all increases in that annuity received  
16 under Section 16-149.5 (but not exceeding 100% of the amount of  
17 the initial increase otherwise provided under this Section).

18 Following the initial increase, automatic annual increases  
19 in annuity shall be payable on each January 1 thereafter during  
20 the lifetime of the annuitant, determined as a percentage of  
21 the originally granted retirement annuity or disability  
22 retirement annuity for increases granted prior to January 1,  
23 1990, and calculated as a percentage of the total amount of  
24 annuity, including previous increases under this Section, for  
25 increases granted on or after January 1, 1990, as follows: 1.5%  
26 for periods prior to January 1, 1972, 2% for periods after

1 December 31, 1971 and prior to January 1, 1978, and 3% for  
2 periods after December 31, 1977.

3 (a-1) Notwithstanding subsection (a), but subject to the  
4 provisions of subsection (a-2), all automatic increases  
5 payable under subsection (a) on or after the effective date of  
6 this amendatory Act of the 98th General Assembly shall be  
7 calculated as 3% of the lesser of (1) the total annuity payable  
8 at the time of the increase, including previous increases  
9 granted, or (2) \$1,000 multiplied by the number of years of  
10 creditable service upon which the annuity is based; however, in  
11 the case of an initial increase under subsection (a) that is  
12 subject to this subsection:

13 (i) if more than one year has elapsed from the date of  
14 retirement to the effective date of the initial increase  
15 under this Section, the applicable percentage shall be the  
16 sum of the percentages for each such elapsed year; and

17 (ii) in the case of a disability retirement annuity  
18 granted under Section 16-149.2, the initial increase shall  
19 be subject to the reduction provided in subsection (a) for  
20 increases previously received under Section 16-149.5.

21 Beginning January 1, 2016, the \$1,000 referred to in item  
22 (2) of this subsection (a-1) shall be increased on each January  
23 1 by the annual unadjusted percentage increase (but not less  
24 than zero) in the consumer price index-u for the 12 months  
25 ending with the preceding September; these adjustments shall be  
26 cumulative and compounded. For the purposes of this subsection

1 (a-1), "consumer price index-u" means the index published by  
2 the Bureau of Labor Statistics of the United States Department  
3 of Labor that measures the average change in prices of goods  
4 and services purchased by all urban consumers, United States  
5 city average, all items, 1982-84 = 100. The new dollar amount  
6 resulting from each annual adjustment shall be determined by  
7 the Public Pension Division of the Department of Insurance and  
8 made available to the System by November 1 of each year.

9 This subsection (a-1) is applicable without regard to  
10 whether the person is in service on or after the effective date  
11 of this amendatory Act of the 98th General Assembly.

12 (a-2) Notwithstanding subsections (a) and (a-1), for an  
13 active or inactive Tier 1 member who has not begun to receive a  
14 retirement annuity under this Article before July 1, 2014:

15 (1) the second automatic annual increase payable under  
16 subsection (a) shall be at the rate of 0% of the total  
17 annuity payable at the time of the increase if he or she is  
18 at least age 50 on the effective date of this amendatory  
19 Act;

20 (2) the second, fourth, and sixth automatic annual  
21 increases payable under subsection (a) shall be at the rate  
22 of 0% of the total annuity payable at the time of the  
23 increase if he or she is at least age 47 but less than age  
24 50 on the effective date of this amendatory Act;

25 (3) the second, fourth, sixth, and eighth automatic  
26 annual increases payable under subsection (a) shall be at

1 the rate of 0% of the total annuity payable at the time of  
2 the increase if he or she is at least age 44 but less than  
3 age 47 on the effective date of this amendatory Act; and

4 (4) the second, fourth, sixth, eighth, and tenth  
5 automatic annual increases payable under subsection (a)  
6 shall be at the rate of 0% of the total annuity payable at  
7 the time of the increase if he or she is less than age 44 on  
8 the effective date of this amendatory Act.

9 For the purposes of Section 1-103.1, this subsection (a-2)  
10 is applicable without regard to whether the person is in  
11 service on or after the effective date of this amendatory Act  
12 of the 98th General Assembly.

13 (b) The automatic annual increases in annuity provided  
14 under this Section shall not be applicable unless a member has  
15 made contributions toward such increases for a period  
16 equivalent to one full year of creditable service. If a member  
17 contributes for service performed after August 26, 1969 but the  
18 member becomes an annuitant before such contributions amount to  
19 one full year's contributions based on the salary at the date  
20 of retirement, he or she may pay the necessary balance of the  
21 contributions to the system and be eligible for the automatic  
22 annual increases in annuity provided under this Section.

23 (c) Each member shall make contributions toward the cost of  
24 the automatic annual increases in annuity as provided under  
25 Section 16-152.

26 (d) An annuitant receiving a retirement annuity or

1 disability retirement annuity on July 1, 1969, who subsequently  
2 re-enters service as a teacher is eligible for the automatic  
3 annual increases in annuity provided under this Section if he  
4 or she renders at least one year of creditable service  
5 following the latest re-entry.

6 (e) In addition to the automatic annual increases in  
7 annuity provided under this Section, an annuitant who meets the  
8 service requirements of this Section and whose retirement  
9 annuity or disability retirement annuity began on or before  
10 January 1, 1971 shall receive, on January 1, 1981, an increase  
11 in the annuity then being paid of one dollar per month for each  
12 year of creditable service. On January 1, 1982, an annuitant  
13 whose retirement annuity or disability retirement annuity  
14 began on or before January 1, 1977 shall receive an increase in  
15 the annuity then being paid of one dollar per month for each  
16 year of creditable service.

17 On January 1, 1987, any annuitant whose retirement annuity  
18 began on or before January 1, 1977, shall receive an increase  
19 in the monthly retirement annuity equal to 8¢ per year of  
20 creditable service times the number of years that have elapsed  
21 since the annuity began.

22 (Source: P.A. 91-927, eff. 12-14-00.)

23 (40 ILCS 5/16-133.2) (from Ch. 108 1/2, par. 16-133.2)

24 Sec. 16-133.2. Early retirement without discount.

25 (a) A member retiring after June 1, 1980 and on or before

1 June 30, 2005 (or as provided in subsection (b) of this  
2 Section), and applying for a retirement annuity within 6 months  
3 of the last day of teaching for which retirement contributions  
4 were required, may elect at the time of application for a  
5 retirement annuity, to make a one time member contribution to  
6 the System and thereby avoid the reduction in the retirement  
7 annuity for retirement before age 60 specified in paragraph (B)  
8 of Section 16-133. The exercise of the election shall also  
9 obligate the last employer to make a one time non-refundable  
10 contribution to the System. Substitute teachers wishing to  
11 exercise this election must teach 85 or more days in one school  
12 term with one employer, who shall be deemed the last employer  
13 for purposes of this Section. The last day of teaching with  
14 that employer must be within 6 months of the date of  
15 application for retirement. All substitute teaching credit  
16 applied toward the required 85 days must be earned after June  
17 30, 1990.

18 The one time member and employer contributions shall be a  
19 percentage of the retiring member's highest annual salary rate  
20 used in the determination of the average salary for retirement  
21 annuity purposes. However, when determining the one-time  
22 member and employer contributions, that part of a member's  
23 salary with the same employer which exceeds the annual salary  
24 rate for the preceding year by more than 20% shall be excluded.  
25 The member contribution shall be at the rate of 7% for the  
26 lesser of the following 2 periods: (1) for each year that the

1 member is less than age 60; or (2) for each year that the  
2 member's creditable service is less than 35 years. If a member  
3 is at least age 55 and has at least 34 years of creditable  
4 service, no member or employer contribution for the early  
5 retirement option shall be required. The employer contribution  
6 shall be at the rate of 20% for each year the member is under  
7 age 60.

8       Upon receipt of the application and election, the System  
9 shall determine the one time employee and employer  
10 contributions required. The member contribution shall be  
11 credited to the individual account of the member and the  
12 employer contribution shall be credited to the Benefit Trust  
13 Reserve. The provisions of this subsection (a) providing for  
14 the avoidance of the reduction in retirement annuity shall not  
15 be applicable until the member's contribution, if any, has been  
16 received by the System; however, the date such contributions  
17 are received shall not be considered in determining the  
18 effective date of retirement.

19       The number of members working for a single employer who may  
20 retire under this subsection or subsection (b) in any year may  
21 be limited at the option of the employer to a specified  
22 percentage of those eligible, not less than 30%, with the right  
23 to participate to be allocated among those applying on the  
24 basis of seniority in the service of the employer.

25       (b) The provisions of subsection (a) of this Section shall  
26 remain in effect for a member retiring after June 30, 2005 and

1 on or before July 1, 2007, provided that the member satisfies  
2 both of the following requirements:

3 (1) the member notified his or her employer of intent  
4 to retire under this Article on or before the effective  
5 date of this amendatory Act of the 94th General Assembly  
6 under the terms of a contract or collective bargaining  
7 agreement entered into, amended, or renewed with the  
8 employer on or before the effective date of this amendatory  
9 Act of the 94th General Assembly; and

10 (2) the effective date of the member's retirement is on  
11 or before July 1, 2007.

12 The member's employer must give evidence of the member's  
13 notification by providing to the System:

14 (i) a copy of the member's notification to the employer  
15 or the record of that notification;

16 (ii) an affidavit signed by the member and the  
17 employer, verifying the notification; and

18 (iii) any additional documentation that the System may  
19 require.

20 (c) Except as otherwise provided in subsection (b), and  
21 subject to the provisions of Section 16-176, a member retiring  
22 on or after July 1, 2005 and on or before June 30, 2013 (or  
23 January 1, 2014 in the case of a member who has filed a notice  
24 of intent to retire with his or her employer on or before June  
25 30, 2013 and attains age 55 during the period July 1, 2013  
26 through December 31, 2013), and applying for a retirement



1 annuity within 6 months of the last day of teaching for which  
2 retirement contributions were required, and whose last day of  
3 teaching is on or before June 30, 2013, may elect at the time  
4 of application for a retirement annuity, to make a one-time  
5 member contribution to the System and thereby avoid the  
6 reduction in the retirement annuity for retirement before age  
7 60 specified in paragraph (B) of Section 16-133. The exercise  
8 of the election shall also obligate the last employer to make a  
9 one-time nonrefundable contribution to the System. Substitute  
10 teachers wishing to exercise this election must teach 85 or  
11 more days in one school term with one employer, who shall be  
12 deemed the last employer for purposes of this Section. The last  
13 day of teaching with that employer must be within 6 months of  
14 the date of application for retirement. All substitute teaching  
15 credit applied toward the required 85 days must be earned after  
16 June 30, 1990.

17 The one-time member and employer contributions shall be a  
18 percentage of the retiring member's highest annual salary rate  
19 used in the determination of the average salary for retirement  
20 annuity purposes. However, when determining the one-time  
21 member and employer contributions, that part of a member's  
22 salary with the same employer which exceeds the annual salary  
23 rate for the preceding year by more than 20% shall be excluded.  
24 The member contribution shall be at the rate of 11.5% for the  
25 lesser of the following 2 periods: (1) for each year that the  
26 member is less than age 60; or (2) for each year that the

1 member's creditable service is less than 35 years. The employer  
2 contribution shall be at the rate of 23.5% for each year the  
3 member is under age 60.

4       Upon receipt of the application and election, the System  
5 shall determine the one-time employee and employer  
6 contributions required. The member contribution shall be  
7 credited to the individual account of the member and the  
8 employer contribution shall be credited to the Benefit Trust  
9 Reserve. The avoidance of the reduction in retirement annuity  
10 provided under this subsection (c) is not applicable until the  
11 member's contribution, if any, has been received by the System;  
12 however, the date that contribution is received shall not be  
13 considered in determining the effective date of retirement.

14       The number of members working for a single employer who may  
15 retire under this subsection (c) in any year may be limited at  
16 the option of the employer to a specified percentage of those  
17 eligible, not less than 10%, with the right to participate to  
18 be allocated among those applying on the basis of seniority in  
19 the service of the employer.

20       For persons not qualifying for the early retirement without  
21 discount option under this subsection (c), the option is  
22 extended for 3 years under subsection (d), but subject to the  
23 changes in eligibility, conditions, and required contributions  
24 provided in that subsection.

25       (d) A member who is not eligible for the early retirement  
26 without discount option under subsection (c) may qualify for

1 the early retirement without discount option under this  
2 subsection (d) if the member (1) retires on or after July 1,  
3 2013 and before July 1, 2016, (2) applies for a retirement  
4 annuity within 6 months of the last day of teaching for which  
5 retirement contributions were required, and (3) receives a  
6 certification of eligibility under this subsection from the  
7 member's last employer. Substitute teachers wishing to  
8 exercise this election must teach 85 or more days in one school  
9 term with one employer, who shall be deemed the last employer  
10 for purposes of this Section. The last day of teaching with  
11 that employer must be within 6 months of the date of  
12 application for retirement. All substitute teaching credit  
13 applied toward the required 85 days must be earned after June  
14 30, 1990.

15 A qualifying member may elect at the time of application  
16 for a retirement annuity to make a one-time member contribution  
17 to the System and thereby avoid the reduction in the retirement  
18 annuity for retirement before age 60 specified in paragraph (B)  
19 of Section 16-133. The exercise of this election shall also  
20 obligate the last employer to make a one-time nonrefundable  
21 contribution to the System.

22 The one-time member and employer contributions shall be a  
23 percentage of the retiring member's highest annual salary rate  
24 used in the determination of the average salary for retirement  
25 annuity purposes. However, when determining the one-time  
26 member and employer contributions, that part of a member's

1 salary with the same employer which exceeds the annual salary  
2 rate for the preceding year by more than 20% shall be excluded.  
3 The member contribution shall be at the rate of 14.4% for the  
4 lesser of the following 2 periods: (1) for each year that the  
5 member is less than age 60; or (2) for each year that the  
6 member's creditable service is less than 35 years. The employer  
7 contribution shall be at the rate of 29.3% for each year the  
8 member is under age 60.

9 Upon receipt of the application, election, and  
10 certification of eligibility, the System shall determine the  
11 one-time employee and employer contributions required. The  
12 member contribution shall be credited to the individual account  
13 of the member and the employer contribution shall be credited  
14 to the Benefit Trust Reserve. The avoidance of the reduction in  
15 retirement annuity provided under this subsection (d) is not  
16 applicable until the member's contribution has been received by  
17 the System; however, the date that contribution is received  
18 shall not be considered in determining the effective date of  
19 retirement.

20 Eligibility to retire under this subsection (d) shall  
21 require the approval of the member's last employer under this  
22 Article, granted in accordance with criteria adopted by that  
23 employer with the mutual consent of the bargaining agent of a  
24 majority of the members employed by that employer. If the  
25 employer grants its approval for a member to retire under this  
26 subsection (d), the employer shall submit a certification of

1 eligibility for the member in a manner prescribed by the  
2 System.

3 The early retirement without discount option under this  
4 subsection (d) terminates on July 1, 2016.

5 For participants to whom subsection (b) of Section 16-132  
6 applies, the references to age 60 in this subsection are  
7 increased as provided in subsection (b) of Section 16-132.

8 (Source: P.A. 98-42, eff. 6-28-13.)

9 (40 ILCS 5/16-136.1) (from Ch. 108 1/2, par. 16-136.1)

10 Sec. 16-136.1. Annual increase for certain annuitants. (a)  
11 Any annuitant receiving a retirement annuity on June 30, 1969  
12 and any member retiring after June 30, 1969 shall be eligible  
13 for the annual increases provided under this Section provided  
14 the annuitant is ineligible for the automatic annual increase  
15 in annuity provided under Section 16-133.1, and provided  
16 further that (1) retirement occurred at age 55 or over and was  
17 based on 5 or more years of creditable service or (2) if  
18 retirement occurred prior to age 55, the retirement annuity was  
19 based on 20 or more years of creditable service.

20 (b) This subsection (b) is subject to subsections (b-1) and  
21 (b-2). An annuitant entitled to increases under this Section  
22 shall be entitled to the initial increase as of the later of:  
23 (1) January 1 following attainment of age 65, (2) January 1  
24 following the first anniversary of retirement, or (3) the first  
25 day of the month following receipt of the required qualifying

1 contribution from the annuitant. The initial monthly increase  
2 shall be computed on the basis of the period elapsed between  
3 the later of the date of last retirement or attainment of age  
4 50 and the date of qualification for the initial increase, at  
5 the rate of 1 1/2% of the original monthly retirement annuity  
6 per year for periods prior to September 1, 1971, and at the  
7 rate of 2% per year for periods between September 1, 1971 and  
8 September 1, 1978, and at the rate of 3% per year for periods  
9 thereafter.

10 An annuitant who has received an initial increase under  
11 this Section, shall be entitled, on each January 1 following  
12 the granting of the initial increase, to an increase of 3% of  
13 the original monthly retirement annuity for increases granted  
14 prior to January 1, 1990, and equal to 3% of the total annuity,  
15 including previous increases under this Section, for increases  
16 granted on or after January 1, 1990. The original monthly  
17 retirement annuity for computations under this subsection (b)  
18 shall be considered to be \$83.34 for any annuitant entitled to  
19 benefits under Section 16-134. The minimum original disability  
20 retirement annuity for computations under this subsection (b)  
21 shall be considered to be \$33.34 per month for any annuitant  
22 retired on account of disability.

23 (b-1) Notwithstanding subsection (b), but subject to the  
24 provisions of subsection (b-2), all automatic increases  
25 payable under subsection (b) on or after the effective date of  
26 this amendatory Act of the 98th General Assembly shall be

1 calculated as 3% of the lesser of (1) the total annuity payable  
2 at the time of the increase, including previous increases  
3 granted, or (2) \$1,000 multiplied by the number of years of  
4 creditable service upon which the annuity is based; however, in  
5 the case of an initial increase under subsection (b) that is  
6 subject to this subsection, if more than one year has elapsed  
7 from the date of retirement to the effective date of the  
8 initial increase under this Section, the applicable percentage  
9 shall be the sum of the percentages for each such elapsed year.

10 Beginning January 1, 2016, the \$1,000 referred to in item  
11 (2) of this subsection (b-1) shall be increased on each January  
12 1 by the annual unadjusted percentage increase (but not less  
13 than zero) in the consumer price index-u for the 12 months  
14 ending with the preceding September; these adjustments shall be  
15 cumulative and compounded. For the purposes of this subsection  
16 (b-1), "consumer price index-u" means the index published by  
17 the Bureau of Labor Statistics of the United States Department  
18 of Labor that measures the average change in prices of goods  
19 and services purchased by all urban consumers, United States  
20 city average, all items, 1982-84 = 100. The new dollar amount  
21 resulting from each annual adjustment shall be determined by  
22 the Public Pension Division of the Department of Insurance and  
23 made available to the System by November 1 of each year.

24 This subsection (b-1) is applicable without regard to  
25 whether the person is in service on or after the effective date  
26 of this amendatory Act of the 98th General Assembly.

1       (b-2) Notwithstanding subsections (b) and (b-1), for an  
2 active or inactive Tier 1 member who is subject to this Section  
3 and has not begun to receive a retirement annuity under this  
4 Article before July 1, 2014:

5           (1) the second automatic annual increase payable under  
6 subsection (b) shall be at the rate of 0% of the total  
7 annuity payable at the time of the increase if he or she is  
8 at least age 50 on the effective date of this amendatory  
9 Act;

10          (2) the second, fourth, and sixth automatic annual  
11 increases payable under subsection (b) shall be at the rate  
12 of 0% of the total annuity payable at the time of the  
13 increase if he or she is at least age 47 but less than age  
14 50 on the effective date of this amendatory Act;

15          (3) the second, fourth, sixth, and eighth automatic  
16 annual increases payable under subsection (b) shall be at  
17 the rate of 0% of the total annuity payable at the time of  
18 the increase if he or she is at least age 44 but less than  
19 age 47 on the effective date of this amendatory Act; and

20          (4) the second, fourth, sixth, eighth, and tenth  
21 automatic annual increases payable under subsection (b)  
22 shall be at the rate of 0% of the total annuity payable at  
23 the time of the increase if he or she is less than age 44 on  
24 the effective date of this amendatory Act.

25       For the purposes of Section 1-103.1, this subsection (b-2)  
26 is applicable without regard to whether the person is in



1 service on or after the effective date of this amendatory Act  
2 of the 98th General Assembly.

3 (c) An annuitant who otherwise qualifies for annual  
4 increases under this Section must make a one-time payment of 1%  
5 of the monthly final average salary for each full year of the  
6 creditable service forming the basis of the retirement annuity  
7 or, if the retirement annuity was not computed using final  
8 average salary, 1% of the original monthly retirement annuity  
9 for each full year of service forming the basis of the  
10 retirement annuity.

11 (d) In addition to other increases which may be provided by  
12 this Section, regardless of creditable service, annuitants not  
13 meeting the service requirements of Section 16-133.1 and whose  
14 retirement annuity began on or before January 1, 1971 shall  
15 receive, on January 1, 1981, an increase in the retirement  
16 annuity then being paid of one dollar per month for each year  
17 of creditable service forming the basis of the retirement  
18 allowance. On January 1, 1982, annuitants whose retirement  
19 annuity began on or before January 1, 1977, shall receive an  
20 increase in the retirement annuity then being paid of one  
21 dollar per month for each year of creditable service.

22 On January 1, 1987, any annuitant whose retirement annuity  
23 began on or before January 1, 1977, shall receive an increase  
24 in the monthly retirement annuity equal to 8¢ per year of  
25 creditable service times the number of years that have elapsed  
26 since the annuity began.

1 (Source: P.A. 86-273.)

2 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

3 Sec. 16-152. Contributions by members.

4 (a) Except as provided in subsection (a-5), each ~~Each~~  
5 member shall make contributions for membership service to this  
6 System as follows:

7 (1) Effective July 1, 1998, contributions of 7.50% of  
8 salary towards the cost of the retirement annuity. Such  
9 contributions shall be deemed "normal contributions".

10 (2) Effective July 1, 1969 and, in the case of Tier 1  
11 members, ending on June 30, 2014, contributions of 1/2 of  
12 1% of salary toward the cost of the automatic annual  
13 increase in retirement annuity provided under Section  
14 16-133.1.

15 (3) Effective July 24, 1959, contributions of 1% of  
16 salary towards the cost of survivor benefits. Such  
17 contributions shall not be credited to the individual  
18 account of the member and shall not be subject to refund  
19 except as provided under Section 16-143.2.

20 (4) Effective July 1, 2005, contributions of 0.40% of  
21 salary toward the cost of the early retirement without  
22 discount option provided under Section 16-133.2. This  
23 contribution shall cease upon termination of the early  
24 retirement without discount option as provided in Section  
25 16-133.2.

1       (a-5) Beginning July 1, 2014, in lieu of the contribution  
2 otherwise required under paragraph (1) of subsection (a), each  
3 Tier 1 member shall contribute 7% of salary towards the cost of  
4 the retirement annuity. Contributions made pursuant to this  
5 subsection (a-5) shall be deemed "normal contributions".

6       (b) The minimum required contribution for any year of  
7 full-time teaching service shall be \$192.

8       (c) Contributions shall not be required of any annuitant  
9 receiving a retirement annuity who is given employment as  
10 permitted under Section 16-118 or 16-150.1.

11       (d) A person who (i) was a member before July 1, 1998, (ii)  
12 retires with more than 34 years of creditable service, and  
13 (iii) does not elect to qualify for the augmented rate under  
14 Section 16-129.1 shall be entitled, at the time of retirement,  
15 to receive a partial refund of contributions made under this  
16 Section for service occurring after the later of June 30, 1998  
17 or attainment of 34 years of creditable service, in an amount  
18 equal to 1.00% of the salary upon which those contributions  
19 were based.

20       (e) A member's contributions toward the cost of early  
21 retirement without discount made under item (a)(4) of this  
22 Section shall not be refunded if the member has elected early  
23 retirement without discount under Section 16-133.2 and has  
24 begun to receive a retirement annuity under this Article  
25 calculated in accordance with that election. Otherwise, a  
26 member's contributions toward the cost of early retirement

1 without discount made under item (a)(4) of this Section shall  
2 be refunded according to whichever one of the following  
3 circumstances occurs first:

4 (1) The contributions shall be refunded to the member,  
5 without interest, within 120 days after the member's  
6 retirement annuity commences, if the member does not elect  
7 early retirement without discount under Section 16-133.2.

8 (2) The contributions shall be included, without  
9 interest, in any refund claimed by the member under Section  
10 16-151.

11 (3) The contributions shall be refunded to the member's  
12 designated beneficiary (or if there is no beneficiary, to  
13 the member's estate), without interest, if the member dies  
14 without having begun to receive a retirement annuity under  
15 this Article.

16 (4) The contributions shall be refunded to the member,  
17 without interest, if the early retirement without discount  
18 option provided under subsection (d) of Section 16-133.2 is  
19 terminated. In that event, the System shall provide to the  
20 member, within 120 days after the option is terminated, an  
21 application for a refund of those contributions.

22 (Source: P.A. 98-42, eff. 6-28-13; 98-92, eff. 7-16-13; revised  
23 7-23-13.)

24 (40 ILCS 5/16-152.5 new)

25 Sec. 16-152.5. Use of contributions for health care

1 subsidies. The System shall not use any contribution received  
2 by the System under this Article to provide a subsidy for the  
3 cost of participation in a retiree health care program.

4 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)  
5 Sec. 16-158. Contributions by State and other employing  
6 units.

7 (a) The State shall make contributions to the System by  
8 means of appropriations from the Common School Fund and other  
9 State funds of amounts which, together with other employer  
10 contributions, employee contributions, investment income, and  
11 other income, will be sufficient to meet the cost of  
12 maintaining and administering the System on a 100% ~~90%~~ funded  
13 basis in accordance with actuarial recommendations by the end  
14 of State fiscal year 2044.

15 The Board shall determine the amount of State contributions  
16 required for each fiscal year on the basis of the actuarial  
17 tables and other assumptions adopted by the Board and the  
18 recommendations of the actuary, using the formula in subsection  
19 (b-3).

20 (a-1) Annually, on or before November 15 through ~~until~~  
21 November 15, 2011, the Board shall certify to the Governor the  
22 amount of the required State contribution for the coming fiscal  
23 year. The certification under this subsection (a-1) shall  
24 include a copy of the actuarial recommendations upon which it  
25 is based ~~and shall specifically identify the System's projected~~

1 ~~State normal cost for that fiscal year.~~

2 On or before May 1, 2004, the Board shall recalculate and  
3 recertify to the Governor the amount of the required State  
4 contribution to the System for State fiscal year 2005, taking  
5 into account the amounts appropriated to and received by the  
6 System under subsection (d) of Section 7.2 of the General  
7 Obligation Bond Act.

8 On or before July 1, 2005, the Board shall recalculate and  
9 recertify to the Governor the amount of the required State  
10 contribution to the System for State fiscal year 2006, taking  
11 into account the changes in required State contributions made  
12 by this amendatory Act of the 94th General Assembly.

13 On or before April 1, 2011, the Board shall recalculate and  
14 recertify to the Governor the amount of the required State  
15 contribution to the System for State fiscal year 2011, applying  
16 the changes made by Public Act 96-889 to the System's assets  
17 and liabilities as of June 30, 2009 as though Public Act 96-889  
18 was approved on that date.

19 (a-5) On or before November 1 of each year, beginning  
20 November 1, 2012, the Board shall submit to the State Actuary,  
21 the Governor, and the General Assembly a proposed certification  
22 of the amount of the required State contribution to the System  
23 for the next fiscal year, along with all of the actuarial  
24 assumptions, calculations, and data upon which that proposed  
25 certification is based. On or before January 1 of each year,  
26 beginning January 1, 2013, the State Actuary shall issue a

1 preliminary report concerning the proposed certification and  
2 identifying, if necessary, recommended changes in actuarial  
3 assumptions that the Board must consider before finalizing its  
4 certification of the required State contributions.

5 On or before January 15, 2013 and each January 15  
6 thereafter, the Board shall certify to the Governor and the  
7 General Assembly the amount of the required State contribution  
8 for the next fiscal year. The certification shall include a  
9 copy of the actuarial recommendations upon which it is based  
10 and shall specifically identify the System's projected State  
11 normal cost for that fiscal year. The Board's certification  
12 must note any deviations from the State Actuary's recommended  
13 changes, the reason or reasons for not following the State  
14 Actuary's recommended changes, and the fiscal impact of not  
15 following the State Actuary's recommended changes on the  
16 required State contribution.

17 (a-10) For purposes of Section (c-5) of Section 20 of the  
18 Budget Stabilization Act, on or before November 1 of each year  
19 beginning November 1, 2014, the Board shall determine the  
20 amount of the State contribution to the System that would have  
21 been required for the next fiscal year if this amendatory Act  
22 of the 98th General Assembly had not taken effect, using the  
23 best and most recent available data but based on the law in  
24 effect on May 31, 2014. The Board shall submit to the State  
25 Actuary, the Governor, and the General Assembly a proposed  
26 certification, along with the relevant law, actuarial

1 assumptions, calculations, and data upon which that  
2 certification is based. On or before January 1, 2015 and every  
3 January 1 thereafter, the State Actuary shall issue a  
4 preliminary report concerning the proposed certification and  
5 identifying, if necessary, recommended changes in actuarial  
6 assumptions that the Board must consider before finalizing its  
7 certification. On or before January 15, 2015 and every January  
8 1 thereafter, the Board shall certify to the Governor and the  
9 General Assembly the amount of the State contribution to the  
10 System that would have been required for the next fiscal year  
11 if this amendatory Act of the 98th General Assembly had not  
12 taken effect, using the best and most recent available data but  
13 based on the law in effect on May 31, 2014. The Board's  
14 certification must note any deviations from the State Actuary's  
15 recommended changes, the reason or reasons for not following  
16 the State Actuary's recommended changes, and the impact of not  
17 following the State Actuary's recommended changes.

18 (b) Through State fiscal year 1995, the State contributions  
19 shall be paid to the System in accordance with Section 18-7 of  
20 the School Code.

21 (b-1) Beginning in State fiscal year 1996, on the 15th day  
22 of each month, or as soon thereafter as may be practicable, the  
23 Board shall submit vouchers for payment of State contributions  
24 to the System, in a total monthly amount of one-twelfth of the  
25 required annual State contribution certified under subsection  
26 (a-1). From the effective date of this amendatory Act of the



1 93rd General Assembly through June 30, 2004, the Board shall  
2 not submit vouchers for the remainder of fiscal year 2004 in  
3 excess of the fiscal year 2004 certified contribution amount  
4 determined under this Section after taking into consideration  
5 the transfer to the System under subsection (a) of Section  
6 6z-61 of the State Finance Act. These vouchers shall be paid by  
7 the State Comptroller and Treasurer by warrants drawn on the  
8 funds appropriated to the System for that fiscal year.

9 If in any month the amount remaining unexpended from all  
10 other appropriations to the System for the applicable fiscal  
11 year (including the appropriations to the System under Section  
12 8.12 of the State Finance Act and Section 1 of the State  
13 Pension Funds Continuing Appropriation Act) is less than the  
14 amount lawfully vouchered under this subsection, the  
15 difference shall be paid from the Common School Fund under the  
16 continuing appropriation authority provided in Section 1.1 of  
17 the State Pension Funds Continuing Appropriation Act.

18 (b-2) Allocations from the Common School Fund apportioned  
19 to school districts not coming under this System shall not be  
20 diminished or affected by the provisions of this Article.

21 (b-3) For State fiscal years 2015 through 2044, the minimum  
22 contribution to the System to be made by the State for each  
23 fiscal year shall be an amount determined by the System to be  
24 equal to the sum of (1) the State's portion of the projected  
25 normal cost for that fiscal year, plus (2) an amount sufficient  
26 to bring the total assets of the System up to 100% of the total

1 actuarial liabilities of the System by the end of State fiscal  
2 year 2044. In making these determinations, the required State  
3 contribution shall be calculated each year as a level  
4 percentage of payroll over the years remaining to and including  
5 fiscal year 2044 and shall be determined under the projected  
6 unit cost method for fiscal year 2015 and under the entry age  
7 normal actuarial cost method for fiscal years 2016 through  
8 2044.

9 For State fiscal years 2012 through 2014 ~~2045~~, the minimum  
10 contribution to the System to be made by the State for each  
11 fiscal year shall be an amount determined by the System to be  
12 sufficient to bring the total assets of the System up to 90% of  
13 the total actuarial liabilities of the System by the end of  
14 State fiscal year 2045. In making these determinations, the  
15 required State contribution shall be calculated each year as a  
16 level percentage of payroll over the years remaining to and  
17 including fiscal year 2045 and shall be determined under the  
18 projected unit credit actuarial cost method.

19 For State fiscal years 1996 through 2005, the State  
20 contribution to the System, as a percentage of the applicable  
21 employee payroll, shall be increased in equal annual increments  
22 so that by State fiscal year 2011, the State is contributing at  
23 the rate required under this Section; except that in the  
24 following specified State fiscal years, the State contribution  
25 to the System shall not be less than the following indicated  
26 percentages of the applicable employee payroll, even if the

1 indicated percentage will produce a State contribution in  
2 excess of the amount otherwise required under this subsection  
3 and subsection (a), and notwithstanding any contrary  
4 certification made under subsection (a-1) before the effective  
5 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%  
6 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY  
7 2003; and 13.56% in FY 2004.

8 Notwithstanding any other provision of this Article, the  
9 total required State contribution for State fiscal year 2006 is  
10 \$534,627,700.

11 Notwithstanding any other provision of this Article, the  
12 total required State contribution for State fiscal year 2007 is  
13 \$738,014,500.

14 For each of State fiscal years 2008 through 2009, the State  
15 contribution to the System, as a percentage of the applicable  
16 employee payroll, shall be increased in equal annual increments  
17 from the required State contribution for State fiscal year  
18 2007, so that by State fiscal year 2011, the State is  
19 contributing at the rate otherwise required under this Section.

20 Notwithstanding any other provision of this Article, the  
21 total required State contribution for State fiscal year 2010 is  
22 \$2,089,268,000 and shall be made from the proceeds of bonds  
23 sold in fiscal year 2010 pursuant to Section 7.2 of the General  
24 Obligation Bond Act, less (i) the pro rata share of bond sale  
25 expenses determined by the System's share of total bond  
26 proceeds, (ii) any amounts received from the Common School Fund

1 in fiscal year 2010, and (iii) any reduction in bond proceeds  
2 due to the issuance of discounted bonds, if applicable.

3 Notwithstanding any other provision of this Article, the  
4 total required State contribution for State fiscal year 2011 is  
5 the amount recertified by the System on or before April 1, 2011  
6 pursuant to subsection (a-1) of this Section and shall be made  
7 from the proceeds of bonds sold in fiscal year 2011 pursuant to  
8 Section 7.2 of the General Obligation Bond Act, less (i) the  
9 pro rata share of bond sale expenses determined by the System's  
10 share of total bond proceeds, (ii) any amounts received from  
11 the Common School Fund in fiscal year 2011, and (iii) any  
12 reduction in bond proceeds due to the issuance of discounted  
13 bonds, if applicable. This amount shall include, in addition to  
14 the amount certified by the System, an amount necessary to meet  
15 employer contributions required by the State as an employer  
16 under paragraph (e) of this Section, which may also be used by  
17 the System for contributions required by paragraph (a) of  
18 Section 16-127.

19 Beginning in State fiscal year 2045, the minimum State  
20 contribution for each fiscal year shall be the amount needed to  
21 maintain the total assets of the System at 100% of the total  
22 actuarial liabilities of the System.

23 ~~Beginning in State fiscal year 2046, the minimum State~~  
24 ~~contribution for each fiscal year shall be the amount needed to~~  
25 ~~maintain the total assets of the System at 90% of the total~~  
26 ~~actuarial liabilities of the System.~~

1           Amounts received by the System pursuant to Section 25 of  
2 the Budget Stabilization Act or Section 8.12 of the State  
3 Finance Act in any fiscal year do not reduce and do not  
4 constitute payment of any portion of the minimum State  
5 contribution required under this Article in that fiscal year.  
6 Such amounts shall not reduce, and shall not be included in the  
7 calculation of, the required State contributions under this  
8 Article in any future year until the System has reached a  
9 funding ratio of at least 100% ~~90%~~. A reference in this Article  
10 to the "required State contribution" or any substantially  
11 similar term does not include or apply to any amounts payable  
12 to the System under Section 25 of the Budget Stabilization Act.

13           Notwithstanding any other provision of this Section, the  
14 required State contribution for State fiscal year 2005 and for  
15 fiscal year 2008 and each fiscal year thereafter through State  
16 fiscal year 2014, as calculated under this Section and  
17 certified under subsection (a-1), shall not exceed an amount  
18 equal to (i) the amount of the required State contribution that  
19 would have been calculated under this Section for that fiscal  
20 year if the System had not received any payments under  
21 subsection (d) of Section 7.2 of the General Obligation Bond  
22 Act, minus (ii) the portion of the State's total debt service  
23 payments for that fiscal year on the bonds issued in fiscal  
24 year 2003 for the purposes of that Section 7.2, as determined  
25 and certified by the Comptroller, that is the same as the  
26 System's portion of the total moneys distributed under

1 subsection (d) of Section 7.2 of the General Obligation Bond  
2 Act. In determining this maximum for State fiscal years 2008  
3 through 2010, however, the amount referred to in item (i) shall  
4 be increased, as a percentage of the applicable employee  
5 payroll, in equal increments calculated from the sum of the  
6 required State contribution for State fiscal year 2007 plus the  
7 applicable portion of the State's total debt service payments  
8 for fiscal year 2007 on the bonds issued in fiscal year 2003  
9 for the purposes of Section 7.2 of the General Obligation Bond  
10 Act, so that, by State fiscal year 2011, the State is  
11 contributing at the rate otherwise required under this Section.

12 (c) Payment of the required State contributions and of all  
13 pensions, retirement annuities, death benefits, refunds, and  
14 other benefits granted under or assumed by this System, and all  
15 expenses in connection with the administration and operation  
16 thereof, are obligations of the State.

17 If members are paid from special trust or federal funds  
18 which are administered by the employing unit, whether school  
19 district or other unit, the employing unit shall pay to the  
20 System from such funds the full accruing retirement costs based  
21 upon that service, as determined by the System. Employer  
22 contributions, based on salary paid to members from federal  
23 funds, may be forwarded by the distributing agency of the State  
24 of Illinois to the System prior to allocation, in an amount  
25 determined in accordance with guidelines established by such  
26 agency and the System.

1           (d) Effective July 1, 1986, any employer of a teacher as  
2 defined in paragraph (8) of Section 16-106 shall pay the  
3 employer's normal cost of benefits based upon the teacher's  
4 service, in addition to employee contributions, as determined  
5 by the System. Such employer contributions shall be forwarded  
6 monthly in accordance with guidelines established by the  
7 System.

8           However, with respect to benefits granted under Section  
9 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)  
10 of Section 16-106, the employer's contribution shall be 12%  
11 (rather than 20%) of the member's highest annual salary rate  
12 for each year of creditable service granted, and the employer  
13 shall also pay the required employee contribution on behalf of  
14 the teacher. For the purposes of Sections 16-133.4 and  
15 16-133.5, a teacher as defined in paragraph (8) of Section  
16 16-106 who is serving in that capacity while on leave of  
17 absence from another employer under this Article shall not be  
18 considered an employee of the employer from which the teacher  
19 is on leave.

20           (e) Beginning July 1, 1998, every employer of a teacher  
21 shall pay to the System an employer contribution computed as  
22 follows:

23                 (1) Beginning July 1, 1998 through June 30, 1999, the  
24 employer contribution shall be equal to 0.3% of each  
25 teacher's salary.

26                 (2) Beginning July 1, 1999 and thereafter, the employer

1 contribution shall be equal to 0.58% of each teacher's  
2 salary.

3 The school district or other employing unit may pay these  
4 employer contributions out of any source of funding available  
5 for that purpose and shall forward the contributions to the  
6 System on the schedule established for the payment of member  
7 contributions.

8 These employer contributions are intended to offset a  
9 portion of the cost to the System of the increases in  
10 retirement benefits resulting from this amendatory Act of 1998.

11 Each employer of teachers is entitled to a credit against  
12 the contributions required under this subsection (e) with  
13 respect to salaries paid to teachers for the period January 1,  
14 2002 through June 30, 2003, equal to the amount paid by that  
15 employer under subsection (a-5) of Section 6.6 of the State  
16 Employees Group Insurance Act of 1971 with respect to salaries  
17 paid to teachers for that period.

18 The additional 1% employee contribution required under  
19 Section 16-152 by this amendatory Act of 1998 is the  
20 responsibility of the teacher and not the teacher's employer,  
21 unless the employer agrees, through collective bargaining or  
22 otherwise, to make the contribution on behalf of the teacher.

23 If an employer is required by a contract in effect on May  
24 1, 1998 between the employer and an employee organization to  
25 pay, on behalf of all its full-time employees covered by this  
26 Article, all mandatory employee contributions required under



1 this Article, then the employer shall be excused from paying  
2 the employer contribution required under this subsection (e)  
3 for the balance of the term of that contract. The employer and  
4 the employee organization shall jointly certify to the System  
5 the existence of the contractual requirement, in such form as  
6 the System may prescribe. This exclusion shall cease upon the  
7 termination, extension, or renewal of the contract at any time  
8 after May 1, 1998.

9 (f) If the amount of a teacher's salary for any school year  
10 used to determine final average salary exceeds the member's  
11 annual full-time salary rate with the same employer for the  
12 previous school year by more than 6%, the teacher's employer  
13 shall pay to the System, in addition to all other payments  
14 required under this Section and in accordance with guidelines  
15 established by the System, the present value of the increase in  
16 benefits resulting from the portion of the increase in salary  
17 that is in excess of 6%. This present value shall be computed  
18 by the System on the basis of the actuarial assumptions and  
19 tables used in the most recent actuarial valuation of the  
20 System that is available at the time of the computation. If a  
21 teacher's salary for the 2005-2006 school year is used to  
22 determine final average salary under this subsection (f), then  
23 the changes made to this subsection (f) by Public Act 94-1057  
24 shall apply in calculating whether the increase in his or her  
25 salary is in excess of 6%. For the purposes of this Section,  
26 change in employment under Section 10-21.12 of the School Code

1 on or after June 1, 2005 shall constitute a change in employer.  
2 The System may require the employer to provide any pertinent  
3 information or documentation. The changes made to this  
4 subsection (f) by this amendatory Act of the 94th General  
5 Assembly apply without regard to whether the teacher was in  
6 service on or after its effective date.

7 Whenever it determines that a payment is or may be required  
8 under this subsection, the System shall calculate the amount of  
9 the payment and bill the employer for that amount. The bill  
10 shall specify the calculations used to determine the amount  
11 due. If the employer disputes the amount of the bill, it may,  
12 within 30 days after receipt of the bill, apply to the System  
13 in writing for a recalculation. The application must specify in  
14 detail the grounds of the dispute and, if the employer asserts  
15 that the calculation is subject to subsection (g) or (h) of  
16 this Section, must include an affidavit setting forth and  
17 attesting to all facts within the employer's knowledge that are  
18 pertinent to the applicability of that subsection. Upon  
19 receiving a timely application for recalculation, the System  
20 shall review the application and, if appropriate, recalculate  
21 the amount due.

22 The employer contributions required under this subsection  
23 (f) may be paid in the form of a lump sum within 90 days after  
24 receipt of the bill. If the employer contributions are not paid  
25 within 90 days after receipt of the bill, then interest will be  
26 charged at a rate equal to the System's annual actuarially

1 assumed rate of return on investment compounded annually from  
2 the 91st day after receipt of the bill. Payments must be  
3 concluded within 3 years after the employer's receipt of the  
4 bill.

5 (g) This subsection (g) applies only to payments made or  
6 salary increases given on or after June 1, 2005 but before July  
7 1, 2011. The changes made by Public Act 94-1057 shall not  
8 require the System to refund any payments received before July  
9 31, 2006 (the effective date of Public Act 94-1057).

10 When assessing payment for any amount due under subsection  
11 (f), the System shall exclude salary increases paid to teachers  
12 under contracts or collective bargaining agreements entered  
13 into, amended, or renewed before June 1, 2005.

14 When assessing payment for any amount due under subsection  
15 (f), the System shall exclude salary increases paid to a  
16 teacher at a time when the teacher is 10 or more years from  
17 retirement eligibility under Section 16-132 or 16-133.2.

18 When assessing payment for any amount due under subsection  
19 (f), the System shall exclude salary increases resulting from  
20 overload work, including summer school, when the school  
21 district has certified to the System, and the System has  
22 approved the certification, that (i) the overload work is for  
23 the sole purpose of classroom instruction in excess of the  
24 standard number of classes for a full-time teacher in a school  
25 district during a school year and (ii) the salary increases are  
26 equal to or less than the rate of pay for classroom instruction

1 computed on the teacher's current salary and work schedule.

2 When assessing payment for any amount due under subsection  
3 (f), the System shall exclude a salary increase resulting from  
4 a promotion (i) for which the employee is required to hold a  
5 certificate or supervisory endorsement issued by the State  
6 Teacher Certification Board that is a different certification  
7 or supervisory endorsement than is required for the teacher's  
8 previous position and (ii) to a position that has existed and  
9 been filled by a member for no less than one complete academic  
10 year and the salary increase from the promotion is an increase  
11 that results in an amount no greater than the lesser of the  
12 average salary paid for other similar positions in the district  
13 requiring the same certification or the amount stipulated in  
14 the collective bargaining agreement for a similar position  
15 requiring the same certification.

16 When assessing payment for any amount due under subsection  
17 (f), the System shall exclude any payment to the teacher from  
18 the State of Illinois or the State Board of Education over  
19 which the employer does not have discretion, notwithstanding  
20 that the payment is included in the computation of final  
21 average salary.

22 (h) When assessing payment for any amount due under  
23 subsection (f), the System shall exclude any salary increase  
24 described in subsection (g) of this Section given on or after  
25 July 1, 2011 but before July 1, 2014 under a contract or  
26 collective bargaining agreement entered into, amended, or

1 renewed on or after June 1, 2005 but before July 1, 2011.  
2 Notwithstanding any other provision of this Section, any  
3 payments made or salary increases given after June 30, 2014  
4 shall be used in assessing payment for any amount due under  
5 subsection (f) of this Section.

6 (i) The System shall prepare a report and file copies of  
7 the report with the Governor and the General Assembly by  
8 January 1, 2007 that contains all of the following information:

9 (1) The number of recalculations required by the  
10 changes made to this Section by Public Act 94-1057 for each  
11 employer.

12 (2) The dollar amount by which each employer's  
13 contribution to the System was changed due to  
14 recalculations required by Public Act 94-1057.

15 (3) The total amount the System received from each  
16 employer as a result of the changes made to this Section by  
17 Public Act 94-4.

18 (4) The increase in the required State contribution  
19 resulting from the changes made to this Section by Public  
20 Act 94-1057.

21 (j) For purposes of determining the required State  
22 contribution to the System, the value of the System's assets  
23 shall be equal to the actuarial value of the System's assets,  
24 which shall be calculated as follows:

25 As of June 30, 2008, the actuarial value of the System's  
26 assets shall be equal to the market value of the assets as of

1 that date. In determining the actuarial value of the System's  
2 assets for fiscal years after June 30, 2008, any actuarial  
3 gains or losses from investment return incurred in a fiscal  
4 year shall be recognized in equal annual amounts over the  
5 5-year period following that fiscal year.

6 (k) For purposes of determining the required State  
7 contribution to the system for a particular year, the actuarial  
8 value of assets shall be assumed to earn a rate of return equal  
9 to the system's actuarially assumed rate of return.

10 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;  
11 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.  
12 6-18-12; 97-813, eff. 7-13-12.)

13 (40 ILCS 5/16-158.2 new)

14 Sec. 16-158.2. Obligations of State; funding guarantee.

15 (a) Beginning July 1, 2014, the State shall be obligated to  
16 contribute to the System in each State fiscal year an amount  
17 not less than the sum of (i) the State's normal cost for the  
18 year and (ii) the portion of the unfunded accrued liability  
19 assigned to that year by law. Notwithstanding any other  
20 provision of law, if the State fails to pay an amount required  
21 under this subsection, it shall be the obligation of the Board  
22 to seek payment of the required amount in compliance with the  
23 provisions of this Section and, if the amount remains unpaid,  
24 to bring a mandamus action in the Supreme Court of Illinois to  
25 compel the State to make the required payment.

1       If the System submits a voucher for contributions required  
2 under Section 16-158 and the State fails to pay that voucher  
3 within 90 days of its receipt, the Board shall submit a written  
4 request to the Comptroller seeking payment. A copy of the  
5 request shall be filed with the Secretary of State, and the  
6 Secretary of State shall provide a copy to the Governor and  
7 General Assembly. No earlier than the 16th day after the System  
8 files the request with the Comptroller and Secretary of State,  
9 if the amount remains unpaid the Board shall commence a  
10 mandamus action in the Supreme Court of Illinois to compel the  
11 Comptroller to satisfy the voucher.

12       This subsection (a) constitutes an express waiver of the  
13 State's sovereign immunity solely to the extent that it permits  
14 the Board to commence a mandamus action in the Supreme Court of  
15 Illinois to compel the Comptroller to pay a voucher for the  
16 contributions required under Section 16-158.

17       (b) Beginning in State fiscal year 2016, the State shall be  
18 obligated to make the transfers set forth in subsections (c-5)  
19 and (c-10) of Section 20 of the Budget Stabilization Act and to  
20 pay to the System its proportionate share of the transferred  
21 amounts in accordance with Section 25 of the Budget  
22 Stabilization Act. Notwithstanding any other provision of law,  
23 if the State fails to transfer an amount required under this  
24 subsection or to pay to the System its proportionate share of  
25 the transferred amount in accordance with Section 25 of the  
26 Budget Stabilization Act, it shall be the obligation of the

1 Board to seek transfer or payment of the required amount in  
2 compliance with the provisions of this Section and, if the  
3 required amount remains untransferred or the required payment  
4 remains unpaid, to bring a mandamus action in the Supreme Court  
5 of Illinois to compel the State to make the required transfer  
6 or payment or both, as the case may be.

7 If the State fails to make a transfer required under  
8 subsection (c-5) or (c-10) of Section 20 of the Budget  
9 Stabilization Act or a payment to the System required under  
10 Section 25 of that Act, the Board shall submit a written  
11 request to the Comptroller seeking payment. A copy of the  
12 request shall be filed with the Secretary of State, and the  
13 Secretary of State shall provide a copy to the Governor and  
14 General Assembly. No earlier than the 16th day after the System  
15 files the request with the Comptroller and Secretary of State,  
16 if the required amount remains untransferred or the required  
17 payment remains unpaid, the Board shall commence a mandamus  
18 action in the Supreme Court of Illinois to compel the  
19 Comptroller to make the required transfer or payment or both,  
20 as the case may be.

21 This subsection (b) constitutes an express waiver of the  
22 State's sovereign immunity solely to the extent that it permits  
23 the Board to commence a mandamus action in the Supreme Court of  
24 Illinois to compel the Comptroller to make a transfer required  
25 under subsection (c-5) or (c-10) of Section 20 of the Budget  
26 Stabilization Act and to pay to the System its proportionate



1 share of the transferred amount in accordance with Section 25  
2 of the Budget Stabilization Act.

3 The obligations created by this subsection (b) expire when  
4 all of the requirements of subsections (c-5) and (c-10) of  
5 Section 20 of the Budget Stabilization Act and Section 25 of  
6 the Budget Stabilization Act have been met.

7 (c) Any payments and transfers required to be made by the  
8 State pursuant to subsection (a) or (b) are expressly  
9 subordinate to the payment of the principal, interest, and  
10 premium, if any, on any bonded debt obligation of the State or  
11 any other State-created entity, either currently outstanding  
12 or to be issued, for which the source of repayment or security  
13 thereon is derived directly or indirectly from tax revenues  
14 collected by the State or any other State-created entity.  
15 Payments on such bonded obligations include any statutory fund  
16 transfers or other prefunding mechanisms or formulas set forth,  
17 now or hereafter, in State law or bond indentures, into debt  
18 service funds or accounts of the State related to such bond  
19 obligations, consistent with the payment schedules associated  
20 with such obligations.

21 (40 ILCS 5/16-203)

22 Sec. 16-203. Application and expiration of new benefit  
23 increases.

24 (a) As used in this Section, "new benefit increase" means  
25 an increase in the amount of any benefit provided under this

1 Article, or an expansion of the conditions of eligibility for  
2 any benefit under this Article, that results from an amendment  
3 to this Code that takes effect after June 1, 2005 (the  
4 effective date of Public Act 94-4). "New benefit increase",  
5 however, does not include any benefit increase resulting from  
6 the changes made to this Article by Public Act 95-910 or by  
7 this amendatory Act of the 98th ~~95th~~ General Assembly.

8 (b) Notwithstanding any other provision of this Code or any  
9 subsequent amendment to this Code, every new benefit increase  
10 is subject to this Section and shall be deemed to be granted  
11 only in conformance with and contingent upon compliance with  
12 the provisions of this Section.

13 (c) The Public Act enacting a new benefit increase must  
14 identify and provide for payment to the System of additional  
15 funding at least sufficient to fund the resulting annual  
16 increase in cost to the System as it accrues.

17 Every new benefit increase is contingent upon the General  
18 Assembly providing the additional funding required under this  
19 subsection. The Commission on Government Forecasting and  
20 Accountability shall analyze whether adequate additional  
21 funding has been provided for the new benefit increase and  
22 shall report its analysis to the Public Pension Division of the  
23 Department of Insurance ~~Financial and Professional Regulation~~.  
24 A new benefit increase created by a Public Act that does not  
25 include the additional funding required under this subsection  
26 is null and void. If the Public Pension Division determines

1 that the additional funding provided for a new benefit increase  
2 under this subsection is or has become inadequate, it may so  
3 certify to the Governor and the State Comptroller and, in the  
4 absence of corrective action by the General Assembly, the new  
5 benefit increase shall expire at the end of the fiscal year in  
6 which the certification is made.

7 (d) Every new benefit increase shall expire 5 years after  
8 its effective date or on such earlier date as may be specified  
9 in the language enacting the new benefit increase or provided  
10 under subsection (c). This does not prevent the General  
11 Assembly from extending or re-creating a new benefit increase  
12 by law.

13 (e) Except as otherwise provided in the language creating  
14 the new benefit increase, a new benefit increase that expires  
15 under this Section continues to apply to persons who applied  
16 and qualified for the affected benefit while the new benefit  
17 increase was in effect and to the affected beneficiaries and  
18 alternate payees of such persons, but does not apply to any  
19 other person, including without limitation a person who  
20 continues in service after the expiration date and did not  
21 apply and qualify for the affected benefit while the new  
22 benefit increase was in effect.

23 (Source: P.A. 94-4, eff. 6-1-05; 95-910, eff. 8-26-08.)

24 (40 ILCS 5/16-205 new)

25 Sec. 16-205. Defined contribution plan.

1       (a) By July 1, 2015, the System shall prepare and implement  
2 a voluntary defined contribution plan for up to 5% of eligible  
3 active Tier 1 members. The System shall determine the 5% cap by  
4 determining the number of Tier 1 active employees on the  
5 effective date of this Section. The defined contribution plan  
6 developed under this Section shall be a plan that aggregates  
7 employer and employee contributions in individual participant  
8 accounts which, after meeting any other requirements, are used  
9 for payouts after retirement in accordance with this Section  
10 and any other applicable laws.

11       As used in this Section, "defined benefit plan" means the  
12 retirement plan available under this Article to Tier 1 members  
13 who have not made the election authorized under this Section.

14       (1) Under the defined contribution plan, an active Tier  
15 1 member of this System could elect to cease accruing  
16 benefits in the defined benefit plan under this Article and  
17 begin accruing benefits for future service in the defined  
18 contribution plan. Service credit under the defined  
19 contribution plan may be used for determining retirement  
20 eligibility under the defined benefit plan.

21       (2) Participants in the defined contribution plan  
22 shall pay employee contributions at the same rate as Tier 1  
23 members in this System who do not participate in the  
24 defined contribution plan.

25       (3) State contributions shall be paid into the accounts  
26 of all participants in the defined contribution plan at a

1 uniform rate, expressed as a percentage of salary and  
2 determined for each year. This rate shall be no higher than  
3 the employer's normal cost for Tier 1 members in the  
4 defined benefit plan for that year, as determined by the  
5 System and expressed as a percentage of salary, and shall  
6 be no lower than 0% of salary. The State shall adjust this  
7 rate annually.

8 (4) The defined contribution plan shall require 5 years  
9 of participation in the defined contribution plan before  
10 vesting in State contributions. If the participant fails to  
11 vest in them, the State contributions, and the earnings  
12 thereon, shall be forfeited.

13 (5) The defined contribution plan may provide for  
14 participants in the plan to be eligible for the defined  
15 disability benefits available to other participants under  
16 this Article. If it does, the System shall reduce the  
17 employee contributions credited to the member's defined  
18 contribution plan account by an amount determined by the  
19 System to cover the cost of offering such benefits.

20 (6) The defined contribution plan shall provide a  
21 variety of options for investments. These options shall  
22 include investments in a fund created by the System and  
23 managed in accordance with legal and fiduciary standards,  
24 as well as investment options otherwise available.

25 (7) The defined contribution plan shall provide a  
26 variety of options for payouts to retirees and their

1 survivors.

2 (8) To the extent authorized under federal law and as  
3 authorized by the System, the plan shall allow former  
4 participants in the plan to transfer or roll over employee  
5 and vested State contributions, and the earnings thereon,  
6 into other qualified retirement plans.

7 (9) The System shall reduce the employee contributions  
8 credited to the member's defined contribution plan account  
9 by an amount determined by the System to cover the cost of  
10 offering these benefits and any applicable administrative  
11 fees.

12 (b) Only persons who are active Tier 1 members of the  
13 System on the effective date of this Section are eligible to  
14 participate in the defined contribution plan. Participation in  
15 the defined contribution plan shall be limited to the first 5%  
16 of eligible persons who elect to participate. The election to  
17 participate in the defined contribution plan is voluntary and  
18 irrevocable.

19 (c) An eligible Tier 1 employee may irrevocably elect to  
20 participate in the defined contribution plan by filing with the  
21 System a written application to participate that is received by  
22 the System prior to its determination that 5% of eligible  
23 persons have elected to participate in the defined contribution  
24 plan.

25 When the System first determines that 5% of eligible  
26 persons have elected to participate in the defined contribution

1 plan, the System shall provide notice to previously eligible  
2 employees that the plan is no longer available and shall cease  
3 accepting applications to participate.

4 (d) The System shall make a good faith effort to contact  
5 each active Tier 1 member who is eligible to participate in the  
6 defined contribution plan. The System shall mail information  
7 describing the option to join the defined contribution plan to  
8 each of these employees to his or her last known address on  
9 file with the System. If the employee is not responsive to  
10 other means of contact, it is sufficient for the System to  
11 publish the details of the option on its website.

12 Upon request for further information describing the  
13 option, the System shall provide employees with information  
14 from the System before exercising the option to join the plan,  
15 including information on the impact to their vested benefits or  
16 non-vested service. The individual consultation shall include  
17 projections of the member's defined benefits at retirement or  
18 earlier termination of service and the value of the member's  
19 account at retirement or earlier termination of service. The  
20 System shall not provide advice or counseling with respect to  
21 whether the employee should exercise the option. The System  
22 shall inform Tier 1 employees who are eligible to participate  
23 in the defined contribution plan that they may also wish to  
24 obtain information and counsel relating to their option from  
25 any other available source, including but not limited to labor  
26 organizations, private counsel, and financial advisors.

1       (e) In no event shall the System, its staff, its authorized  
2 representatives, or the Board be liable for any information  
3 given to an employee under this Section. The System may  
4 coordinate with the Illinois Department of Central Management  
5 Services and other retirement systems administering a defined  
6 contribution plan in accordance with this amendatory Act of the  
7 98th General Assembly to provide information concerning the  
8 impact of the option set forth in this Section.

9       (f) Notwithstanding any other provision of this Section, no  
10 person shall begin participating in the defined contribution  
11 plan until it has attained qualified plan status and received  
12 all necessary approvals from the U.S. Internal Revenue Service.

13       (g) The System shall report on its progress under this  
14 Section, including the available details of the defined  
15 contribution plan and the System's plans for informing eligible  
16 Tier 1 members about the plan, to the Governor and the General  
17 Assembly on or before January 15, 2015.

18       (40 ILCS 5/16-206 new)

19       Sec. 16-206. Defined contribution plan; termination. If  
20 the defined contribution plan is terminated or becomes  
21 inoperative pursuant to law, then each participant in the plan  
22 shall automatically be deemed to have been a contributing Tier  
23 1 member in the System's defined benefit plan during the time  
24 in which he or she participated in the defined contribution  
25 plan, and for that purpose the System shall be entitled to



1 recover the amounts in the participant's defined contribution  
2 accounts.

3 (40 ILCS 5/17-116) (from Ch. 108 1/2, par. 17-116)

4 Sec. 17-116. Service retirement pension.

5 (a) Each teacher having 20 years of service upon attainment  
6 of age 55, or who thereafter attains age 55 shall be entitled  
7 to a service retirement pension upon or after attainment of age  
8 55; and each teacher in service on or after July 1, 1971, with  
9 5 or more but less than 20 years of service shall be entitled  
10 to receive a service retirement pension upon or after  
11 attainment of age 62.

12 (b) The service retirement pension for a teacher who  
13 retires on or after June 25, 1971, at age 60 or over, shall be  
14 calculated as follows:

15 (1) For creditable service earned before July 1, 1998  
16 that has not been augmented under Section 17-119.1: 1.67%  
17 for each of the first 10 years of service; 1.90% for each  
18 of the next 10 years of service; 2.10% for each year of  
19 service in excess of 20 but not exceeding 30; and 2.30% for  
20 each year of service in excess of 30, based upon average  
21 salary as herein defined.

22 (2) For creditable service earned on or after July 1,  
23 1998 by a member who has at least 30 years of creditable  
24 service on July 1, 1998 and who does not elect to augment  
25 service under Section 17-119.1: 2.3% of average salary for

1 each year of creditable service earned on or after July 1,  
2 1998.

3 (3) For all other creditable service: 2.2% of average  
4 salary for each year of creditable service.

5 (c) When computing such service retirement pensions, the  
6 following conditions shall apply:

7 1. Average salary shall consist of the average annual  
8 rate of salary for the 4 consecutive years of validated  
9 service within the last 10 years of service when such  
10 average annual rate was highest. In the determination of  
11 average salary for retirement allowance purposes, for  
12 members who commenced employment after August 31, 1979,  
13 that part of the salary for any year shall be excluded  
14 which exceeds the annual full-time salary rate for the  
15 preceding year by more than 20%. In the case of a member  
16 who commenced employment before August 31, 1979 and who  
17 receives salary during any year after September 1, 1983  
18 which exceeds the annual full time salary rate for the  
19 preceding year by more than 20%, an Employer and other  
20 employers of eligible contributors as defined in Section  
21 17-106 shall pay to the Fund an amount equal to the present  
22 value of the additional service retirement pension  
23 resulting from such excess salary. The present value of the  
24 additional service retirement pension shall be computed by  
25 the Board on the basis of actuarial tables adopted by the  
26 Board. If a member elects to receive a pension from this

1 Fund provided by Section 20-121, his salary under the State  
2 Universities Retirement System and the Teachers'  
3 Retirement System of the State of Illinois shall be  
4 considered in determining such average salary. Amounts  
5 paid after the effective date of this amendatory Act of  
6 1991 for unused vacation time earned after that effective  
7 date shall not under any circumstances be included in the  
8 calculation of average salary or the annual rate of salary  
9 for the purposes of this Article.

10 2. Proportionate credit shall be given for validated  
11 service of less than one year.

12 3. For retirement at age 60 or over the pension shall  
13 be payable at the full rate.

14 4. For separation from service below age 60 to a  
15 minimum age of 55, the pension shall be discounted at the  
16 rate of 1/2 of one per cent for each month that the age of  
17 the contributor is less than 60, but a teacher may elect to  
18 defer the effective date of pension in order to eliminate  
19 or reduce this discount. This discount shall not be  
20 applicable to any participant who has at least 34 years of  
21 service or a retirement pension of at least 74.6% of  
22 average salary on the date the retirement annuity begins.

23 5. No additional pension shall be granted for service  
24 exceeding 45 years. Beginning June 26, 1971 no pension  
25 shall exceed the greater of \$1,500 per month or 75% of  
26 average salary as herein defined.

1           6. Service retirement pensions shall begin on the  
2 effective date of resignation, retirement, the day  
3 following the close of the payroll period for which service  
4 credit was validated, or the time the person resigning or  
5 retiring attains age 55, or on a date elected by the  
6 teacher, whichever shall be latest.

7           7. A member who is eligible to receive a retirement  
8 pension of at least 74.6% of average salary and will attain  
9 age 55 on or before December 31 during the year which  
10 commences on July 1 shall be deemed to attain age 55 on the  
11 preceding June 1.

12           8. A member retiring after the effective date of this  
13 amendatory Act of 1998 shall receive a pension equal to 75%  
14 of average salary if the member is qualified to receive a  
15 retirement pension equal to at least 74.6% of average  
16 salary under this Article or as proportional annuities  
17 under Article 20 of this Code.

18           9. In the case of a person who first becomes a  
19 participant on or after the effective date of this  
20 amendatory Act of the 98th General Assembly, payments for  
21 unused sick or vacation time shall not be used in the  
22 calculation of average salary.

23 (Source: P.A. 90-566, eff. 1-2-98; 90-582, eff. 5-27-98.)

24 (40 ILCS 5/17-134) (from Ch. 108 1/2, par. 17-134)  
25 Sec. 17-134. Contributions for leaves of absence; military

1 service; computing service. In computing service for pension  
2 purposes the following periods of service shall stand in lieu  
3 of a like number of years of teaching service upon payment  
4 therefor in the manner hereinafter provided: (a) time spent on  
5 a leave of absence granted by the employer; (b) service with  
6 teacher or labor organizations based upon special leaves of  
7 absence therefor granted by an Employer; (c) a maximum of 5  
8 years spent in the military service of the United States, of  
9 which up to 2 years may have been served outside the pension  
10 period; (d) unused sick days at termination of service to a  
11 maximum of 244 days; (e) time lost due to layoff and  
12 curtailment of the school term from June 6 through June 21,  
13 1976; and (f) time spent after June 30, 1982 as a member of the  
14 Board of Education, if required to resign from an  
15 administrative or teaching position in order to qualify as a  
16 member of the Board of Education.

17 (1) For time spent on or after September 6, 1948 on  
18 sabbatical leaves of absence or sick leaves, for which  
19 salaries are paid, an Employer shall make payroll  
20 deductions at the applicable rates in effect during such  
21 periods.

22 (2) For time spent on a leave of absence granted by the  
23 employer for which no salaries are paid, teachers desiring  
24 credit therefor shall pay the required contributions at the  
25 rates in effect during such periods as though they were in  
26 teaching service. If an Employer pays salary for vacations

1 which occur during a teacher's sick leave or maternity or  
2 paternity leave without salary, vacation pay for which the  
3 teacher would have qualified while in active service shall  
4 be considered part of the teacher's total salary for  
5 pension purposes. No more than 36 months of leave credit  
6 may be allowed any person during the entire term of  
7 service. Sabbatical leave credit shall be limited to the  
8 time the person on leave without salary under an Employer's  
9 rules is allowed to engage in an activity for which he  
10 receives salary or compensation.

11 (3) For time spent prior to September 6, 1948, on  
12 sabbatical leaves of absence or sick leaves for which  
13 salaries were paid, teachers desiring service credit  
14 therefor shall pay the required contributions at the  
15 maximum applicable rates in effect during such periods.

16 (4) For service with teacher or labor organizations  
17 authorized by special leaves of absence, for which no  
18 payroll deductions are made by an Employer, teachers  
19 desiring service credit therefor shall contribute to the  
20 Fund upon the basis of the actual salary received from such  
21 organizations at the percentage rates in effect during such  
22 periods for certified positions with such Employer. To the  
23 extent the actual salary exceeds the regular salary, which  
24 shall be defined as the salary rate, as calculated by the  
25 Board, in effect for the teacher's regular position in  
26 teaching service on September 1, 1983 or on the effective

1 date of the leave with the organization, whichever is  
2 later, the organization shall pay to the Fund the  
3 employer's normal cost as set by the Board on the  
4 increment. Notwithstanding any other provision of this  
5 subdivision (4), teachers are only eligible for credit for  
6 service under this subdivision (4) if the special leave of  
7 absence begins before January 5, 2012 (the effective date  
8 of Public Act 97-651) ~~this amendatory Act of the 97th~~  
9 ~~General Assembly.~~

10 (5) For time spent in the military service, teachers  
11 entitled to and desiring credit therefor shall contribute  
12 the amount required for each year of service or fraction  
13 thereof at the rates in force (a) at the date of  
14 appointment, or (b) on return to teaching service as a  
15 regularly certified teacher, as the case may be; provided  
16 such rates shall not be less than \$450 per year of service.  
17 These conditions shall apply unless an Employer elects to  
18 and does pay into the Fund the amount which would have been  
19 due from such person had he been employed as a teacher  
20 during such time. In the case of credit for military  
21 service not during the pension period, the teacher must  
22 also pay to the Fund an amount determined by the Board to  
23 be equal to the employer's normal cost of the benefits  
24 accrued from such service, plus interest thereon at 5% per  
25 year, compounded annually, from the date of appointment to  
26 the date of payment.

1           The changes to this Section made by Public Act 87-795  
2 shall apply not only to persons who on or after its  
3 effective date are in service under the Fund, but also to  
4 persons whose status as a teacher terminated prior to that  
5 date, whether or not the person is an annuitant on that  
6 date. In the case of an annuitant who applies for credit  
7 allowable under this Section for a period of military  
8 service that did not immediately follow employment, and who  
9 has made the required contributions for such credit, the  
10 annuity shall be recalculated to include the additional  
11 service credit, with the increase taking effect on the date  
12 the Fund received written notification of the annuitant's  
13 intent to purchase the credit, if payment of all the  
14 required contributions is made within 60 days of such  
15 notice, or else on the first annuity payment date following  
16 the date of payment of the required contributions. In  
17 calculating the automatic annual increase for an annuity  
18 that has been recalculated under this Section, the increase  
19 attributable to the additional service allowable under  
20 this amendatory Act of 1991 shall be included in the  
21 calculation of automatic annual increases accruing after  
22 the effective date of the recalculation.

23           The total credit for military service shall not exceed  
24 5 years, except that any teacher who on July 1, 1963, had  
25 validated credit for more than 5 years of military service  
26 shall be entitled to the total amount of such credit.



1           (6) For persons who first become teachers before the  
2 effective date of this amendatory Act of the 98th General  
3 Assembly, a ~~A~~ maximum of 244 unused sick days credited to  
4 his account by an Employer on the date of termination of  
5 employment. Members, upon verification of unused sick  
6 days, may add this service time to total creditable  
7 service.

8           (7) In all cases where time spent on leave is  
9 creditable and no payroll deductions therefor are made by  
10 an Employer, persons desiring service credit shall make the  
11 required contributions directly to the Fund.

12           (8) For time lost without pay due to layoff and  
13 curtailment of the school term from June 6 through June 21,  
14 1976, as provided in item (e) of the first paragraph of  
15 this Section, persons who were contributors on the days  
16 immediately preceding such layoff shall receive credit  
17 upon paying to the Fund a contribution based on the rates  
18 of compensation and employee contributions in effect at the  
19 time of such layoff, together with an additional amount  
20 equal to 12.2% of the compensation computed for such period  
21 of layoff, plus interest on the entire amount at 5% per  
22 annum from January 1, 1978 to the date of payment. If such  
23 contribution is paid, salary for pension purposes for any  
24 year in which such a layoff occurred shall include the  
25 compensation recognized for purposes of computing that  
26 contribution.

1           (9) For time spent after June 30, 1982, as a  
2 nonsalaried member of the Board of Education, if required  
3 to resign from an administrative or teaching position in  
4 order to qualify as a member of the Board of Education, an  
5 administrator or teacher desiring credit therefor shall  
6 pay the required contributions at the rates and salaries in  
7 effect during such periods as though the member were in  
8 service.

9           Effective September 1, 1974, the interest charged for  
10 validation of service described in paragraphs (2) through (5)  
11 of this Section shall be compounded annually at a rate of 5%  
12 commencing one year after the termination of the leave or  
13 return to service.

14           (Source: P.A. 97-651, eff. 1-5-12.)

15           (40 ILCS 5/20-106) (from Ch. 108 1/2, par. 20-106)  
16           Sec. 20-106. Final average salary.

17           (a) "Final average salary": The average (or other) salary  
18 which is considered by a participating system in determining  
19 the amount of the retirement annuity or survivor's annuity.

20           (b) Earnings credits under all participating systems shall  
21 be considered by each system in determining final average  
22 salary, but subject to the limitations imposed by this  
23 amendatory Act of the 98th General Assembly for a participant  
24 in a defined contribution plan established under Article 2, 14,  
25 15, or 16 of this Code. In calculating a proportional

1 retirement or survivor's annuity based on these earnings  
2 credits, the participating system shall apply any limitations  
3 on earnings for annuity purposes that are imposed by the  
4 Article governing the system.

5 (Source: P.A. 88-593, eff. 8-22-94.)

6 (40 ILCS 5/20-121) (from Ch. 108 1/2, par. 20-121)

7 Sec. 20-121. Calculation of proportional retirement  
8 annuities.

9 (a) Upon retirement of the employee, a proportional  
10 retirement annuity shall be computed by each participating  
11 system in which pension credit has been established on the  
12 basis of pension credits under each system. The computation  
13 shall be in accordance with the formula or method prescribed by  
14 each participating system which is in effect at the date of the  
15 employee's latest withdrawal from service covered by any of the  
16 systems in which he has pension credits which he elects to have  
17 considered under this Article. However, the amount of any  
18 retirement annuity payable under the self-managed plan  
19 established under Section 15-158.2 of this Code or under the  
20 defined contribution plan established under Article 2, 14, 15,  
21 or 16 of this Code depends solely on the value of the  
22 participant's vested account balances and is not subject to any  
23 proportional adjustment under this Section.

24 (a-5) For persons who participate in a defined contribution  
25 plan established under Article 2, 14, 15, or 16 of this Code to

1 whom the provisions of this Article apply, the pension credits  
2 established under the defined contribution plan may be  
3 considered in determining eligibility for or the amount of the  
4 defined benefit retirement annuity that is payable by any other  
5 participating system.

6 (b) Combined pension credit under all retirement systems  
7 subject to this Article shall be considered in determining  
8 whether the minimum qualification has been met and the formula  
9 or method of computation which shall be applied, except as may  
10 be otherwise provided with respect to vesting in State or  
11 employer contributions in a defined contribution plan. If a  
12 system has a step-rate formula for calculation of the  
13 retirement annuity, pension credits covering previous service  
14 which have been established under another system shall be  
15 considered in determining which range or ranges of the  
16 step-rate formula are to be applicable to the employee.

17 (c) Interest on pension credit shall continue to accumulate  
18 in accordance with the provisions of the law governing the  
19 retirement system in which the same has been established during  
20 the time an employee is in the service of another employer, on  
21 the assumption such employee, for interest purposes for pension  
22 credit, is continuing in the service covered by such retirement  
23 system.

24 (Source: P.A. 91-887, eff. 7-6-00.)

1           Sec. 20-123. Survivor's annuity. The provisions governing  
2 a retirement annuity shall be applicable to a survivor's  
3 annuity. Appropriate credits shall be established for  
4 survivor's annuity purposes in those participating systems  
5 which provide survivor's annuities, according to the same  
6 conditions and subject to the same limitations and restrictions  
7 herein prescribed for a retirement annuity. If a participating  
8 system has no survivor's annuity benefit, or if the survivor's  
9 annuity benefit under that system is waived, pension credit  
10 established in that system shall not be considered in  
11 determining eligibility for or the amount of the survivor's  
12 annuity which may be payable by any other participating system.

13           For persons who participate in the self-managed plan  
14 established under Section 15-158.2 or the portable benefit  
15 package established under Section 15-136.4, pension credit  
16 established under Article 15 may be considered in determining  
17 eligibility for or the amount of the survivor's annuity that is  
18 payable by any other participating system, but pension credit  
19 established in any other system shall not result in any right  
20 to a survivor's annuity under the Article 15 system.

21           For persons who participate in a defined contribution plan  
22 established under Article 2, 14, 15, or 16 of this Code to whom  
23 the provisions of this Article apply, the pension credits  
24 established under the defined contribution plan may be  
25 considered in determining eligibility for or the amount of the  
26 defined benefit survivor's annuity that is payable by any other

1 participating system, but pension credits established in any  
2 other system shall not result in any right to or increase in  
3 the value of a survivor's annuity under the defined  
4 contribution plan, which depends solely on the options chosen  
5 and the value of the participant's vested account balances and  
6 is not subject to any proportional adjustment under this  
7 Section.

8 (Source: P.A. 91-887, eff. 7-6-00.)

9 (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

10 Sec. 20-124. Maximum benefits.

11 (a) In no event shall the combined retirement or survivors  
12 annuities exceed the highest annuity which would have been  
13 payable by any participating system in which the employee has  
14 pension credits, if all of his pension credits had been  
15 validated in that system.

16 If the combined annuities should exceed the highest maximum  
17 as determined in accordance with this Section, the respective  
18 annuities shall be reduced proportionately according to the  
19 ratio which the amount of each proportional annuity bears to  
20 the aggregate of all such annuities.

21 (b) In the case of a participant in the self-managed plan  
22 established under Section 15-158.2 of this Code to whom the  
23 provisions of this Article apply:

24 (i) For purposes of calculating the combined  
25 retirement annuity and the proportionate reduction, if

1 any, in a retirement annuity other than one payable under  
2 the self-managed plan, the amount of the Article 15  
3 retirement annuity shall be deemed to be the highest  
4 annuity to which the annuitant would have been entitled if  
5 he or she had participated in the traditional benefit  
6 package as defined in Section 15-103.1 rather than the  
7 self-managed plan.

8 (ii) For purposes of calculating the combined  
9 survivor's annuity and the proportionate reduction, if  
10 any, in a survivor's annuity other than one payable under  
11 the self-managed plan, the amount of the Article 15  
12 survivor's annuity shall be deemed to be the highest  
13 survivor's annuity to which the survivor would have been  
14 entitled if the deceased employee had participated in the  
15 traditional benefit package as defined in Section 15-103.1  
16 rather than the self-managed plan.

17 (iii) Benefits payable under the self-managed plan are  
18 not subject to proportionate reduction under this Section.

19 (c) In the case of a participant in a defined contribution  
20 plan established under Article 2, 14, 15, or 16 of this Code to  
21 whom the provisions of this Article apply:

22 (i) For purposes of calculating the combined  
23 retirement annuity and the proportionate reduction, if  
24 any, in a defined benefit retirement annuity, any benefit  
25 payable under the defined contribution plan shall not be  
26 considered.

1           (ii) For purposes of calculating the combined  
2           survivor's annuity and the proportionate reduction, if  
3           any, in a defined benefit survivor's annuity, any benefit  
4           payable under the defined contribution plan shall not be  
5           considered.

6           (iii) Benefits payable under a defined contribution  
7           plan established under Article 2, 14, 15, or 16 of this  
8           Code are not subject to proportionate reduction under this  
9           Section.

10        (Source: P.A. 91-887, eff. 7-6-00.)

11           (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)  
12           Sec. 20-125. Return to employment - suspension of  
13           benefits. If a retired employee returns to employment which is  
14           covered by a system from which he is receiving a proportional  
15           annuity under this Article, his proportional annuity from all  
16           participating systems shall be suspended during the period of  
17           re-employment, except that this suspension does not apply to  
18           any distributions payable under the self-managed plan  
19           established under Section 15-158.2 or under a defined  
20           contribution plan established under Article 2, 14, 15, or 16 of  
21           this Code.

22           The provisions of the Article under which such employment  
23           would be covered shall govern the determination of whether the  
24           employee has returned to employment, and if applicable the  
25           exemption of temporary employment or employment not exceeding a



1 specified duration or frequency, for all participating systems  
2 from which the retired employee is receiving a proportional  
3 annuity under this Article, notwithstanding any contrary  
4 provisions in the other Articles governing such systems.

5 (Source: P.A. 91-887, eff. 7-6-00.)

6 Section 20. The Illinois Educational Labor Relations Act  
7 is amended by changing Sections 4 and 17 and by adding Section  
8 10.5 as follows:

9 (115 ILCS 5/4) (from Ch. 48, par. 1704)

10 Sec. 4. Employer rights. Employers shall not be required  
11 to bargain over matters of inherent managerial policy, which  
12 shall include such areas of discretion or policy as the  
13 functions of the employer, standards of services, its overall  
14 budget, the organizational structure and selection of new  
15 employees and direction of employees. Employers, however,  
16 shall be required to bargain collectively with regard to policy  
17 matters directly affecting wages, hours and terms and  
18 conditions of employment as well as the impact thereon upon  
19 request by employee representatives, except as provided in  
20 Section 10.5. To preserve the rights of employers and exclusive  
21 representatives which have established collective bargaining  
22 relationships or negotiated collective bargaining agreements  
23 prior to the effective date of this Act, employers shall be  
24 required to bargain collectively with regard to any matter

1 concerning wages, hours or conditions of employment about which  
2 they have bargained for and agreed to in a collective  
3 bargaining agreement prior to the effective date of this Act,  
4 except as provided in Section 10.5.

5  
6 (Source: P.A. 83-1014.)

7 (115 ILCS 5/10.5 new)

8 Sec. 10.5. Duty to bargain regarding pension amendments.

9 (a) Notwithstanding any provision of this Act, employers  
10 shall not be required to bargain over matters affected by the  
11 changes, the impact of changes, and the implementation of  
12 changes made to Article 14, 15, or 16 of the Illinois Pension  
13 Code, or Article 1 of that Code as it applies to those  
14 Articles, made by this amendatory Act of the 98th General  
15 Assembly, or over any other provision of Article 14, 15, or 16  
16 of the Illinois Pension Code, or of Article 1 of that Code as  
17 it applies to those Articles, which are prohibited subjects of  
18 bargaining; nor shall the changes, the impact of changes, or  
19 the implementation of changes made to Article 14, 15, or 16 of  
20 the Illinois Pension Code, or to Article 1 of that Code as it  
21 applies to those Articles, by this amendatory Act of the 98th  
22 General Assembly or any other provision of Article 14, 15, or  
23 16 of the Illinois Pension Code, or of Article 1 of that Code  
24 as it applies to those Articles, be subject to interest  
25 arbitration or any award issued pursuant to interest

1 arbitration. The provisions of this Section shall not apply to  
2 an employment contract or collective bargaining agreement that  
3 is in effect on the effective date of this amendatory Act of  
4 the 98th General Assembly. However, any such contract or  
5 agreement that is subsequently modified, amended, or renewed  
6 shall be subject to the provisions of this Section. The  
7 provisions of this Section shall also not apply to the ability  
8 of an employer and employee representative to bargain  
9 collectively with regard to the pick up of employee  
10 contributions pursuant to Section 14-133.1, 15-157.1, or  
11 16-152.1 of the Illinois Pension Code.

12 (b) Nothing in this Section, however, shall be construed as  
13 otherwise limiting any of the obligations and requirements  
14 applicable to each employer under any of the provisions of this  
15 Act, including, but not limited to, the requirement to bargain  
16 collectively with regard to policy matters directly affecting  
17 wages, hours and terms and conditions of employment as well as  
18 the impact thereon upon request by employee representatives,  
19 except for the matters deemed prohibited subjects of bargaining  
20 under subsection (a) of this Section. Nothing in this Section  
21 shall further be construed as otherwise limiting any of the  
22 rights of employees or employee representatives under the  
23 provisions of this Act, except for matters deemed prohibited  
24 subjects of bargaining under subsection (a) of this Section.

25 (c) In case of any conflict between this Section and any  
26 other provisions of this Act or any other law, the provisions

1 of this Section shall control.

2 (115 ILCS 5/17) (from Ch. 48, par. 1717)

3 Sec. 17. Effect on other laws. Except as provided in  
4 Section 10.5, in ~~In~~ case of any conflict between the provisions  
5 of this Act and any other law, executive order or  
6 administrative regulation, the provisions of this Act shall  
7 prevail and control. Except as provided in Section 10.5,  
8 nothing ~~Nothing~~ in this Act shall be construed to replace or  
9 diminish the rights of employees established by Section 36d of  
10 "An Act to create the State Universities Civil Service System",  
11 approved May 11, 1905, as amended or modified.  
12 (Source: P.A. 83-1014.)

13 Section 95. The State Mandates Act is amended by adding  
14 Section 8.37 as follows:

15 (30 ILCS 805/8.37 new)

16 Sec. 8.37. Exempt mandate. Notwithstanding Sections 6 and  
17 8 of this Act, no reimbursement by the State is required for  
18 the implementation of any mandate created by this amendatory  
19 Act of the 98th General Assembly.

20 Section 97. Severability and inseverability. The  
21 provisions of this Act are severable under Section 1.31 of the  
22 Statute on Statutes, except that the changes made to Sections

1 20 and 25 of the Budget Stabilization Act and to subsections  
 2 (a), (a-1), (a-2), (b), and (d) of Section 2-119.1, subsections  
 3 (d), (d-1), and (d-2) of Section 15-136, subsection (a-10) of  
 4 Section 16-158, and Sections 2-124, 2-125, 2-126, 2-134, 2-165,  
 5 14-114, 14-115, 14-131, 14-132, 14-133, 14-135.08, 14-155,  
 6 15-155, 15-156, 15-157, 15-165, 15-200, 16-133.1, 16-136.1,  
 7 16-152, 16-158, 16-158.2, 16-205, 20-106, 20-121, 20-123,  
 8 20-124, and 20-125 of the Illinois Pension Code are mutually  
 9 dependent and inseverable from one another but are severable  
 10 from any other provision of this Act.".

11 Submitted on \_\_\_\_\_, 2013.

12	_____	_____
13	Senator Raoul	Representative Nekritz
14	_____	_____
15	Senator Biss	Representative Turner
16	_____	_____
17	Senator Holmes	Representative Zalewski
18	_____	_____
19	Senator Brady	Representative Senger
20	_____	_____
21	Senator Murphy	Representative Tracy
22	Committee for the Senate	Committee for the House